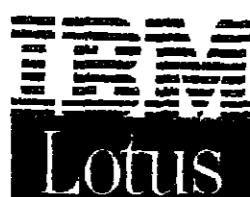


FINANCIAL TIMES



IBM and Lotus
Changing the software landscape
Page 17

World Business Newspaper



Cutting edge
Computers in drug discovery
Technology, Page 14



Lisbon politics
Corruption takes centre stage
Page 2



Grand strategies
Redrawing the map of Europe
Europa, Page 16

US-Japan talks over car dispute end in deadlock

A day of talks in Geneva between the US and Japan on their car dispute ended in deadlock, leaving the row to US and Japanese leaders at the Group of Seven summit in Halifax, Nova Scotia, later this week. Yesterday's talks focused on Japan's complaint that US trade sanctions announced last month on nearly \$5bn of Japanese luxury car imports violate World Trade Organisation rules.

Page 18

UK may ease counter-terrorism policies

The British government held open the prospect of an overhaul of its counter-terrorism policies to take into account progress made towards peace in Northern Ireland following the paramilitary ceasefires. But Northern Ireland secretary Sir Patrick Mayhew (left) said that while incidents of terrorism had sharply declined since last summer's ceasefires, punishment beatings, other forms of intimidation and the readiness of the IRA and other groups to revert to violence called for vigilance.

Lobby group demands Unilever ban: The American Family Association, an influential Christian lobbying group claiming more than 1m supporters, urged a national US boycott of goods made by Anglo-Dutch consumer products group Unilever, in protest at its advertising policy. Page 18

BBA near to victory in Holvis bid: UK industrial company BBA Group looked set to win Switzerland's first takeover battle after International Paper failed to win an injunction blocking BBA's SFr465m (\$38.3m) takeover of Holvis, Swiss non-woven textiles and paper distribution group. Page 19

US and N Korea agree text of reactor pact: US and North Korean negotiators agreed the text of an accord letting South Korea provide light-water nuclear reactors to Pyongyang. The agreement has to be approved by each government. Page 8

French prices rise only 0.2%: French consumer prices rose 0.2 per cent in May, giving an annualised inflation rate of 1.6 per cent, the national statistics office said. Page 2

Baltic states sign EU accord: The three Baltic states, Estonia, Lithuania and Latvia, signed association agreements with the European Union designed eventually to make them full members. Page 2

French socialists to act against NF: The French Socialist party pledged to withdraw from municipal elections in which it had no chance of winning to reduce the risk of victories by the extreme right National Front party. Page 2

Sweden moves towards EMU: Sweden said it would meet conditions for the final stage of European Monetary Union by stabilising public debt next year and eliminating the budget deficit in 1996. Page 2

Asia urged to reform capital markets: Asian countries must speed reform of their domestic capital markets if they are to continue to absorb large inflows of foreign capital, a study by the World Bank shows. Page 8

All traffic expected to double: A doubling of air traffic over the next 20 years threatens to overwhelm the world's airports and air traffic control systems, David Hinson, administrator of the US Federal Aviation Administration, warned. Page 7

Bae and Saab to co-operate over fighter: British Aerospace and Saab agreed a joint venture on the international marketing of the Swedish JAS 39 Gripen fighter aircraft. Page 7

Credit Lyonnaise close to Allianz deal: State-owned French bank Credit Lyonnaise appears close to an exclusive deal with German insurance group Allianz for the sale and distribution of non-life insurance products. Page 19

Usinor-Sacilor valued at up to FF23bn: The French government launched the privatisation of Usinor-Sacilor. A price range for shares in the steel giant of between FF182 and FF196 each for institutional investors values the company at between FF20bn (\$3.9bn) and FF23bn. Page 19

Unigate to shed 1,500 jobs: UK foods and distribution group Unigate is to cut 1,500 jobs from its dairies at a cost of £55m (£86.4m) to try to cope with rising milk supply costs and a sharp decline in doorstep milk sales. Page 19

EU stock market indices

	S&P 500	DAX	Nikkei	FTSE 100	Mibex
New York	1,458.64	1,428.85	1,403.92	1,424.24	1,403.46
Nasdaq Composite	3,081.92	-	-	-	-
Europe and Far East	-	-	-	-	-
DAX	1,007.75	+10.73	-	-	-
FTSE 100	21,135.55	+2.19	-	-	-
FTSE 100	3,344.65	+1.51	-	-	-
Mibex	1,493.46	+20.07	-	-	-

US lunchtime rates

	US 3-mo Interbank	US 10 yr Gilt	3-mth Tres Bilts Yld	Long Bond	Yield
Federal Funds	6.1%	-	6.73%	-	-
UK 3-mo Interbank	6.1%	16.22%	-	-	-
France 10 yr OAT	9.87%	10.02%	-	-	-
Germany 10 yr Bund	10.13	10.10	-	-	-
Japan 10 yr JGB	11.23%	11.27%	-	-	-

Other rates

	DM	Yen	Swiss	Other
UK 3-mo Interbank	6.1%	16.22%	10.02%	-
US 10 yr Gilt	9.87%	10.02%	-	-
France 10 yr OAT	10.13	10.10	-	-
Germany 10 yr Bund	10.13	10.10	-	-
Japan 10 yr JGB	11.23%	11.27%	-	-

North Sea oil (Argus)

	Brnt 15-day (Avg)	Y/84.25
Brent	\$17.51	(17.55)

Stock market indices

	London	New York Comex	Paris	Tokyo
FTSE 100	1,007.75	\$3,081.92	391.11	17,515
DAX	1,007.75	-	-	-
Nikkei	1,493.46	-	-	-

Gold

	London	New York Comex
DM	\$337.55	\$382.21
Yen	-	-

Dollar

	London	New York Comex
DM	1.595	1.599
Fr	4.025	4.025
Yen	1.1545	1.1525

Sterling

	London	New York Comex
DM	1.595	1.599
Fr	4.025	4.025
Yen	1.1545	1.1525

Other rates

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Sweden pledges to meet Emu criteria

By Hugh Carnegy
in Stockholm

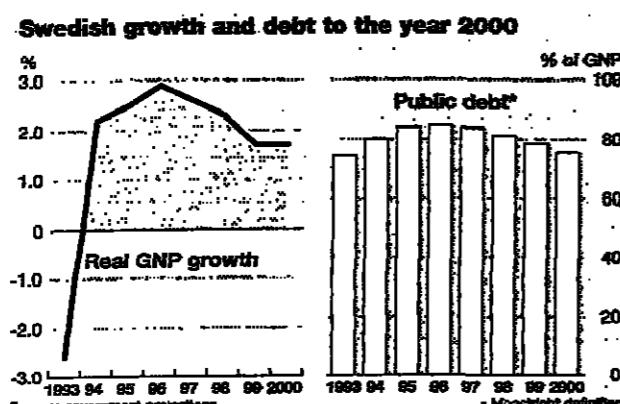
Sweden's Social Democratic government, which has struggled to control the country's deficit-ridden public finances since it took power last October, yesterday said it would meet the conditions for the final stage of European monetary union (Emu) by stabilising the public debt next year and eliminating the budget deficit in 1998.

In an optimistic "convergence programme" to be submitted to the European Union on how Sweden will meet the Emu criteria, the government said a tough savings programme, modest economic growth and privatisation would swing the country back from the recent state of crisis to fiscal and monetary stability.

Mr Göran Persson, finance minister, said he did not rule out opening discussions as early as late this year on the re-admission of the Swedish krona to the EU's exchange rate mechanism - although the convergence document said this was not realistic until the restoration of balance in the economy was evident.

The krona was floated in November 1992 and has been consistently weak ever since, now lying some 25 per cent under 1991 levels.

Both Mr Persson and Mr Ingvar Carlsson, the prime minister, have signalled they favour Sweden joining the final stage of Emu, including a single currency. But there is strong opposition within Social Democratic ranks and the government has instead concentrated on meeting the Emu criteria as a desirable end in itself, regardless of whether Sweden joins.



As expected, the chief new elements in the convergence programme were a pledge to raise SKr50bn in privatisation receipts by 2000 and to strengthen the budget, if necessary, by a further SKr15bn in 1997 and 1998.

The latter comes on top of spending cuts and tax increases already introduced worth SKr17bn - or some 7.5 per cent of gross national product - over the next four years.

On the five criteria for participation in Emu, the government forecast that these measures would result in the level of state debt peaking according to EU definitions - at 8.4 per cent of GNP next year, while the budget deficit would fall below 10 per cent of GNP this year and decline steadily to almost zero by the end of 1998.

It predicted annual inflation would remain below 3 per cent for the rest of the decade, the krona would strengthen steadily, and long-term interest rates would fall from current levels above 10 per cent to 8 per cent in 1999.

Mr Persson acknowledged the debt would remain well

above the 60 per cent limit set for Emu, but said: "I have been able to focus on the current (budget) deficit. If the deficit is under control and the debt is heading down, you meet the criteria".

There was little reaction from the financial markets yesterday as the contents of the programme had been well flagged in advance. But critics are concerned that the government's underlying forecasts are over-optimistic, especially those on growth and inflation.

The prediction of near-3 per cent GNP growth next year is well above most private-sector estimates; the size of the public sector in Sweden means public finances are acutely sensitive to overall growth levels.

According to government figures, public spending will account for 89.6 per cent of GNP this year, falling to 82.9 per cent in 1998, a level still well above European averages.

But the government is adamant it has administered most of the necessary medicine. "The worst is done," Mr Carlsson remarked yesterday. Attention would now be turned to measures to promote growth, he added.

Thyssen, which also has

wide-ranging engineering activities, said the strength of the D-Mark against other European currencies was unwelcome, but the volume of new business continued to rise.

Krupp-Hoesch, Germany's second biggest steelmaker, said new orders had risen 9 per cent in the first four months, but the company was feeling the strength of the dollar.

The warning comes as the ministry struggles to overcome the statistical disarray caused by changes to new European Union guidelines.

The figures, which the ministry said would probably be subject to several revisions, precede the impact of the D-Mark's strong rise this year.

Companies in strongly export-oriented sectors have complained of the effect on their business. Yesterday Henkel, the chemicals group, said sales were only 2 per cent higher in the first five months: without the D-Mark's surge, they would have been up 7 per cent.

Total industrial output in February showed a 2.9 per cent seasonally-adjusted increase over January which was down 6.6 per cent over December. Manufacturing showed a 1.2 per cent rise, but the biggest movements were in construction (up 22.2 per cent) reflecting mild weather.

Against the same month of 1994, February output was 4.6 per cent higher, with a 2.9 per cent rise in west Germany and 19.6 per cent in the east. Among companies reporting buoyant business is Thyssen, Germany's biggest steelmaker. It expected to be able to raise steel prices further this year; there was no sign that demand for steel was levelling off.

Thyssen, which also has

December and March, based on capacity utilisation figures from the Ifo economic research institute. But growth momentum slowed in the first quarter. "The data cannot yet be trusted," he said of the output figures.

Mr Richard Reid, Frankfurt-based economist at Union Bank of Switzerland, said output and order statistics would continue to show large swings because of statistical distortions. Production should show moderate growth in the first two quarters in west Germany and higher growth in the east. But the full impact of the D-Mark's rise would show through in the second half, with a marked slowdown in production.

The rise in the German currency has led to downward revision of some economic forecasts.

Mr Hans Peter Stihl, head of the German association of chambers of commerce (DIHT), last week said the dollar's weakness and high wage settlements had darkened the early outlook for the economy.

The effects of the strong D-Mark would only feed through into results in 1996, the company added.

Because of the time-lag in announcing statistics it is more difficult to assess the economy

lar because it sells to German car makers whose foreign competitors use suppliers in dollar markets.

The effects of the strong D-Mark would only feed through into results in 1996, the company added.

Because of the time-lag in announcing statistics and the jolt given to export business by currency shifts, analysts find it harder to assess the state of the economy. Thyssen's statement came after analysts recommended selling its shares following an analysts' meeting at which the company apparently said the steel market had reached a plateau. "The opposite is the case," a spokesman said.

Mr Stephen King, economist at James Capel, UK stockbrokers, estimated German production probably rose between

2.5 and 3 per cent in 1995 after nearly 8 per cent last year.

The DIHT now expects German economic growth of 2.2-2.5 per cent for 1995, against 3 per cent forecast previously.

Socialists plan withdrawals to beat Le Pen

By Andrew Jack in Paris

The French Socialist party yesterday pledged to withdraw from municipal elections in which it had no chance of winning in order to reduce the risk of victories by the extreme right National Front party.

The announcement came as political allegiances across France were reformed ahead of run-offs on Sunday for the 500,000 local government seats up for re-election in the country's 36,000 communes.

Hit partly by "election fatigue" after last month's presidential election, on top of traditionally lower attendance for town hall elections, the number of voters who abstained in the first round in Sunday's municipal elections rose to a record level of more than 35 per cent.

Nationally, the left-wing parties - dominated by the socialist and communist parties - scored slightly below their levels in the last municipal elections in 1989, confirming France's shift towards the right.

However, the Left managed to increase its level of support substantially from the presidential vote, partly reflecting the importance of local issues and the performance of incumbent mayors.

Final results gave the National front 4.3 per cent of the vote nationwide, less than a third of leader Jean-Marie Le Pen's presidential score of 15 per cent last month. But the National Front did not run

Portugal tackles corruption

Political sleaze has become an election year issue, writes Peter Wise

There is no equivalent in the Portuguese language for the English word "sleaze", but illicit enrichment in political life is holding centre stage in the campaign for October's general election.

Mr Fernando Nogueira, elected as head of the ruling Social Democrats (PSD) in February, has put cleaning up public affairs at the centre of his attempt to restore confidence in the centre-right party, the main victim of a deep loss of faith by the public in Portugal's politicians. "Our concern is to restore the credibility of politicians and heal the rift between citizens and their elected representatives," said Mr Francisco Antunes da Silva, the PSD's deputy parliamentary leader. "We are not simply hunting votes."

Mr Nogueira, 44, is a striving to assert his leadership after taking over at the head of the party from Mr Aníbal Cavaco Silva, the incumbent prime minister, who is stepping down in October. The PSD, in power since 1986, is trailing the opposition Socialists by about 6 points in opinion polls. Despite resistance from within his own party, Mr Nogueira succeeded in winning parliamentary approval of bills to tighten up political ethics, the climax of a clean-up campaign under the banner of "transparency".

But critics fear the measures, chiefly aimed at averting conflicts of interest and monitoring the financial affairs of public officials, will prove inadequate for attacking what they consider the two main roots of corruption - the way public contracts are awarded and political financing.

These include Mr Valéry Giscard d'E斯塔ing, the former French president, who is challenging the socialist party in Clermont-Ferrand.

Mr Raymond Barre, the former prime minister running for the first time as mayor of Lyons, came marginally ahead of a socialist and a right-wing candidate supported by Michel Noir, the incumbent who decided not to run again after his conviction in a corruption trial earlier this year.



Fernando Nogueira, head of the ruling PSD, plans a clean-up

ruption in Portuguese central and local government. "International institutions involved in fighting corruption, particularly with regard to Portugal's big infrastructure programme, largely financed by the EU.

Tighter control over party financing is considered equally important. "Both the main parties are financed by large contributions in cash," said a university professor. "He said no one knows how much has actually gone to the parties and how much has stayed in the pockets of the recipients.

The new legislation will oblige parties to publish details of all contributions. But the Socialists are concerned about the capacity of the Constitutional Court to audit party accounts effectively. An expected limit of £50m on individual company donations could also prove unrealistically low.

Party officials concede that accounts presented by the main parties have in the past been cosmetic. When the Socialists admitted spending above the legal limit on an election in 1991, they were fined less than \$350.

Under a new law - passed in 1993 but as yet untested - the two main parties will be allowed to spend £800m each on the coming election campaign.

This compares with normal expenditure in a non-election year of £850m each, of which the taxpayer provides about two-thirds.

Ultimately, replacing sleaze with transparency will depend on enforcement. "You have to have a proper judicial system operating and confer the means to the proper authorities to carry out the job," said a company manager. "Otherwise fighting corruption is just a farce."

Trade unions and employers have told parliament that the

way public contracts are awarded should be a priority in fighting corruption, particularly with regard to Portugal's big infrastructure programme, largely financed by the EU.

Police also have several hundred cases of suspected misuse of European Union funds on their books.

Mr Nogueira's "transparency" package will go some way towards countering the kind of abuses alleged in these cases. Party leaders, MPs and most public officials will have to make annual public declarations of their income.

MPs will also have to avoid professional interests to avoid possible conflicts.

"These measures to separate

public from private interests are a positive step forward," said Mr António Martins, a Socialist MP and head of the parliamentary ethics committee.

"But they fail to address some of the country's main concerns over corruption and political conduct."

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Sun shines on Russia's last resort

By Matthew Kaminski in Sochi, Russia

Boris Nikolayevich Yeltsin, wearing black aviator sunglasses, enjoyed a break at the pool side at the Radisson Lazurnaya, Russia's first élite holiday resort, during a break in talks the Russian president was having with his Ukrainian counterpart last Friday.

Not unlike Yalta at the end of the second world war 50 years ago, a pleasant setting had been chosen to tackle a knotty problem - the division of the Black Sea Fleet, now shared by the two biggest Slavic countries.

But the summit on what Russians generously call their Riviera served more to highlight the seismic shifts in the ex-Soviet world over the past four years than to settle the long running dispute.



To begin with, Yalta was not even an option. The Crimean peninsula, for centuries a Russian vacation haven, is now in Ukraine - and Mr Yeltsin had refused to visit pending progress in the fleet negotiations. And the other popular Black

young, and on Saturday the disco was the biggest hit. Among the luminaries spotted on the second floor balcony in the 1992-93 separatist Abkhazian war.

Only Sochi remains. The subtropical resort town, with more than 80 sanatoria and pensionary, mostly built in Stalinist Gothic style, still attracts the older, fleshier crowds to the pebble beaches and spas beside the green Caucasus mountains.

But the Radisson Lazurnaya, opened last year, is the preserve of the New Russians. On the beach last weekend cellulose was out. The aroma of western suntan oil, noticeably absent in central Sochi, mixed with the smell of barbecues. Parasailers flew off every 20 minutes.

At night, the resort offered a casino, night club and disco. But the newly rich are usually

summer has been all but booked up.

After a swim at Radisson's indoor pool on Friday, Mr Yeltsin decided to stay for the weekend - which for all Russians was a long weekend because of Independence Day yesterday - but at the government dacha nearby. He joined the already vacating Mr Chernomyrdin and Yuri Luzhkov, the Moscow mayor, to make Sochi briefly the centre of Russian political power.

At the signing ceremony on Friday, where the neighbouring countries divided the fleet in half and agreed to permit Russia to base its ships in Sevastopol, Mr Yeltsin, in buoyant spirits, declared the next Russo-Ukrainian summit ought to be in Crimea. Mr Leonid Kuchma, Ukraine's president, who did not answer, looked visibly uncomfortable.

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EUROPEAN NEWS DIGEST

Baltic states sign EU accords

The three Baltic states yesterday signed association agreements with the European Union. Estonia, Lithuania and Latvia are the only former Soviet republics that have secured such accords, in part because they were independent before the second world war.

"The Baltic countries have come back into Europe," said Mr Marias Galia, Latvia's prime minister, at a ceremony in Luxembourg with EU foreign ministers. "We have been waiting for this day for more than 50 years."

The association agreements offer trade and co-operation deals, but also hold out the prospect of EU membership at a later date. Mr Galia and Mr Tõit Vahi, Estonia's prime minister, said the Baltic states aimed to become full members by the end of the decade. Poland, Hungary, the Czech Republic, Slovakia, Bulgaria and Romania already have

association agreements and have begun preparing their laws and systems to match those of the EU. Slovenia is hoping to sign later this month.

British hope to build new 'French connection'

By Lionel Barber
in Luxembourg

gle European currency replacing the D-Mark.

The idea, often mooted in London, of developing an *entente cordiale* to counterbalance the pre-eminent Bonn-Paris axis in Europe has usually ended in disappointment.

But after weekend talks in Paris between President Jacques Chirac and Mr John Major, UK prime minister, senior British officials are more confident of a breakthrough.

British hopes of building a new "French connection" emerged as the Christian Democrat party, which heads Germany's coalition government, prepares today to revive calls for deeper political integration to complement the future single European currency replacing the D-Mark.

Their optimism is based primarily on experience in Bosnia, where the Anglo-French decision to create a rapid reaction force to underpin the United Nations peacekeeping mission - or prepare for an eventual withdrawal - is viewed as a seminal event leading to more flexible patterns of EU co-operation.

London and Paris took the decision to stay in Bosnia, said the senior UK source. The decision was accepted by the US and Russia; Bonn was "out of the game".

Mr Waigel served notice, again, that Germany intends to take a hard line on the size of the EU budget. Germany's payments had doubled to more than DM27bn (£12bn) in the past six years. "Our neighbours have to be aware that this is not acceptable in the long term."

He added that the planned expansion of the EU to include east European states could cost DM70bn a year.

The reality was that Germany would remain out of the defence game for the foreseeable future because of restrictions on its ability to deploy troops overseas. Foreign policy in Europe would be driven by those with "the will and the assets", rather than those pushing "theoretical frameworks", said the source.

The forthright British statement reflects irritation that the CDU and its sister CSU party (with Chancellor Kohl's support) are about to launch a second trial balloon calling for more majority voting in foreign policy, and a merging of

the EU and its fledgling Western European Union defence arm. Both are anathema to the governing UK Conservatives.

The senior British government source denied that the UK was being "bloody-minded" in its resistance to more majority voting. It was simply unrealistic to assume that countries invoking vital national interests could be steamrollered, or that it would lead to a more muscular EU policy in central Europe and the Balkans.

The CDU/CSU papers deal with the future of EU foreign policy and justice and immigration. Neither is likely to be as explosive as last year's document which called for a "hard core" of committed integrationists composed of France, Germany and the Benelux countries, to the initial exclusion of Britain and Italy.

The British source said the present foreign policy structures set down in the Maastricht treaty did not require radical overhaul, nor was it necessarily a good idea to create a new foreign policy supreme representing the EU on the world stage. However, he left open the possibility of some increase in powers for European parliament.

Outcome of Sunday's voting weakens government support base

Italian referendums bring elections nearer

By Robert Graham in Rome

The chances of an autumn general election in Italy have increased following the results of the 12 referendums at the weekend.

The outcome has weakened the support base for the Mr Lamberto Dini's government, while the problems of sustaining a stable parliamentary majority have increased. Only a broad agreement among all the main parties on a specific new legislative programme could prolong beyond autumn the life of the five-month-old government of non-parliamentarians. But such an arrangement is hard to envisage in the present political climate, as is the formation of a new administration.

The obvious beneficiary of the referendums has been Mr Silvio Berlusconi, the former prime minister. He fought off a challenge to the ownership by his Fininvest empire of three television channels, as well as moves to curb his virtual monopoly of commercial television advertising.

On the three referendums affecting Fininvest, the vote backing Mr Berlusconi averaged 56 per cent. This is a higher percentage than any of

his previous approval ratings and compares with the 41 per cent vote obtained by his right-wing alliance in the April regional and local elections.

The strong endorsement seems as much anything to have been support for Fininvest television and a disinclination to penalise him for owning three channels under the 1990 law approved by Italy's then political masters.

Nevertheless, Mr Berlusconi will use the result to bolster his political fortunes and to reassess his hold over an increasingly disparate alliance.

Since being ejected from the premiership last December he has pressed in vain for early elections.

This has led him to oppose the government at every turn. To back down now when its limited mandate is nearly exhausted would be a big tactical shift. It would only be justified if the government's life needed to be prolonged. But Mr Berlusconi would benefit little from postponing elections.

Indeed, the sole proponents of this strategy in his camp have been the small former Christian Democrat parties which still dream of re-forming a centrist bloc. The latter have been profiting from Mr Berlusconi's

diminished stature and would have been the first to exploit a defeat in the present government.

The main losers have been the centre-left who mistakenly allowed the vote to become an exercise in penalising Mr Berlusconi. They also overestimated the value of their own message and were overwhelmed by the vastly superior propaganda resources of Fininvest's TV channels which Mr Berlusconi used ignoring all rules of fair play.

Although this vote cannot be directly translated on to the centre-left as the backers of Mr Dini's government, some effect is bound to rub off. Losing the anti-Berlusconi referendums will make this loose alliance of parties nervous about sustaining the present government beyond its declared mandate.

The Party of the Democratic Left, the core of the alliance, even before the referendum predicted an autumn election. To wait any longer would also put at risk the position of Prof Romano Prodi, the economist and former head of IRI, the state holding company, as the centre-left's candidate for the premiership. Chosen in February and without a party base, Prof Prodi cannot be kept in the wings indefinitely without

out losing his appeal.

Finally, the referendums produced one big surprise. Voters turned against the power of the three main union confederations. The unions have been main protagonists of pensions reform, and the proposals before parliament are a product of the deal struck between them and the government. This anti-union sentiment could be exploited in parliament both to delay and alter the legislation.

Approval of the pensions reform is a central pillar for

the improvement of Italy's public finances and will also condition the formulation of the 1996 budget. If elections are to be held in the autumn, the budget must first be approved. Arguably, with Mr Berlusconi having recouped some of the initiative following the trouncing he and his allies received in April, the conditions exist to strike a deal over the budget. But Mr Berlusconi has so far eschewed such deals. Thus uncertainties again cloud the political landscape and the fira fell sharply yesterday.

Public vote leaves MPs wide choice of action

By Robert Graham
in Rome

With Italy's 12 referendums out of the way, attention now shifts to parliament to produce legislation.

Judging from the 29 topics voted on in referendum since 1974, parliament can exercise a significant degree of discretion interpreting the will of the voter who has been asked merely whether or not existing laws should be abrogated.

In the case of television, a special media commission was set up early this year under Mr Giorgio Napolitano, a former speaker of the chamber of deputies, to prepare legislation for the reform of commercial and state television.

A law already exists in draft form on commercial television but agreement was blocked by the Berlusconi camp pending the outcome of the referendum.

The Forza Italia movement of Mr Silvio Berlusconi and its rightwing allies are in a minority on this commission. The first battle will be whether the vote has removed the members' legitimacy.

But the main conflict will be about how the referendum vote squares with the constitutional court's decision of last January ordering Mr Berlusconi to divest one channel by 1998.

Mr Berlusconi and his sup-

porters are arguing for a wholesale liberalisation of the entire television sector (cable etc) to allow in more operators, so diluting Fininvest's dominance.

With a referendum also endorsing the privatisation of the RAI, the state broadcasting organisation, there will be strong pressure to review the sector as a whole.

Any move to end public broadcasting is likely to be slow and the wording of the RAI referendum merely called to end the ban on private capital.

The other main political referendums concerned trade union matters. Parliament will now have to devise legislation that ends the rigid laws covering who is allowed to represent workers as unions. The control exercised throughout the post-second world war era by the three confederations (CGIL, UIL, CISL) reflected the political divisions of power (Communist, Christian Democrat and Socialist).

The reforms also loosen the hegemony by ending the practice of automatic deductions of union contributions from pay packets by employers and by allowing new representative groups. A significant beneficiary here could be the well organised militant groups on the left (who backed three of these referendums). The unions themselves are also

likely to lose some members with the automatic deduction system withdrawn.

One of the closest votes was the 50.6 per cent rejecting moves to roll back the 1993 local elections law introducing a first-past-the-post system with a second round run-off where no one obtained an outright majority. This was opposed across party lines, though put forward from within the Berlusconi camp by Mr Marco Pannella's Radical reformers. The law has proved one of the more successful in the electoral field, enabling stable municipal majorities to be formed.

The public voted by a long chalk against liberalising shopping hours. This demonstrated the ever powerful shopkeepers lobby and revealed a trend towards conservatism in an otherwise "liberal" tone to Sunday's vote.

Voters coped with the complexity of the 12 separate referendum questions, but in the south the turnout was only 40 per cent. If this uninterest had been shown countrywide, the referendums would have failed to achieve a valid quorum.

The turnout was low compared to past referendums, and politicians in legislating will be able to play with the fact that no issue had the backing of more than 35 per cent of the total electorate.

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NEWS: INTERNATIONAL

Kuwait puts off recovery of bad debts

By Robin Allen in Dubai

The Kuwait government is to delay its attempt to recover part of the Kd1.5bn (\$15bn) worth of bad debts it took over in 1994 which were owed by 3,500 people who had lost money in the crash in the unofficial stock market almost 18 years ago.

The decision, reached at a cabinet meeting on Sunday, is in part prompted by fears of a "fire-sale" of private Kuwaiti assets on the stock exchange which threatens to undermine the country's fragile economic recovery.

In July 1992, the state bought Kd5.9bn (\$19.7bn) worth of personal and corporate debt - about the equivalent of the country's gross domestic product - in return for debt bonds issued to the commercial banks.

According to the central bank governor Sheikh Salem Al-Sabah, there are about 3,500 people or companies with debts, after discounts, amounting to Kd2.2bn, should be paid by next September 6; and some 50 debtors owing Kd1.58m who had longer to pay.

In a draft bill to be presented to the economic committee of the national assembly, the gov-

ernment proposes to give those with debts due in September an extra three years to repay; and the second category an extra 20 years instead of 12.

But the government's proposal will run into stiff opposition from the national assembly.

However, the shock has been compounded by recent heavy losses associated with derivatives, the Mexican financial crisis at the end of last year, the collapse earlier this year of Barings, the UK-based merchant banking group - and then the huge decline of the dollar against the yen.

For the moment, the banking officials who attended the meetings at the BIS - an independent institution owned by 32 central banks - are determined that it should be business as usual.

Indeed, the very fact that the world's financial system has survived relatively unscathed should the government's proposal be rejected by the national assembly. "If not passed, the debts will be settled; the market will fall again but then pick up as people realise the price-earnings ratios are very low and shares cheap," he said.

There is a tone of relief in the central bankers' review of the world financial system, writes Gillian Tett

As befits the central bankers' bank, the language was sober. But when the Bank for International Settlements held its annual general meeting yesterday, its reports had a tone of relief at having survived a tumultuous year.

Part of the sense of battering stems from the turmoil in bond prices last year which triggered a degree of market shock that the BIS said had not been seen since the stock market crashes of 1987.

But the government's proposal will run into stiff opposition from the national assembly.



Wim Duisenberg: explaining market swings

dent, to devote the better part of his speech yesterday to seeking explanations for the market swings provides one hint of the soul-searching that the events of the past year have provoked.

Echoing the scoldings that have long been emanating from other international bodies, such as the Organisation for Economic Co-operation and Development, Mr Duisenberg partly blamed the problems on debt in countries such as Italy, Sweden and Canada - and issued fresh appeals for governments to take action.

Although some BIS officials believe that the dollar's recent movement may have been exaggerated, its weakness could be partly explained in terms of fundamentals, he suggested.

The BIS notes that "in view of this concentration of reserve of this concentration of reserves in Asia, it is not surprising that the issue of diversification of official holdings away from the dollar into the yen

were probably in the right direction," Mr Duisenberg said.

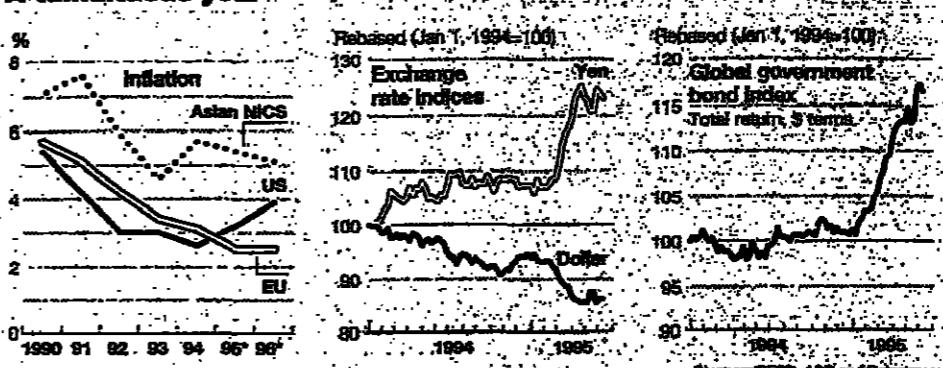
The BIS report notes that 1994 was the first year since 1914 that US net investment income from overseas had turned negative, contributing to a total US deficit of \$155bn.

Furthermore, this growing US deficit apparently went hand in hand with a shift away from official financing of the gap - although the BIS admits that there may have been more "hidden" official financing occurring than previously realised.

Official dollar deposits in Euro-bank accounts jumped by \$20bn. In addition, there was a \$20bn increase in Japan's foreign exchange reserves and a \$30bn increase in China's reserves.

The BIS notes that "in view of this concentration of reserves in Asia, it is not surprising that the issue of diversification of official holdings away from the dollar into the yen

A tumultuous year



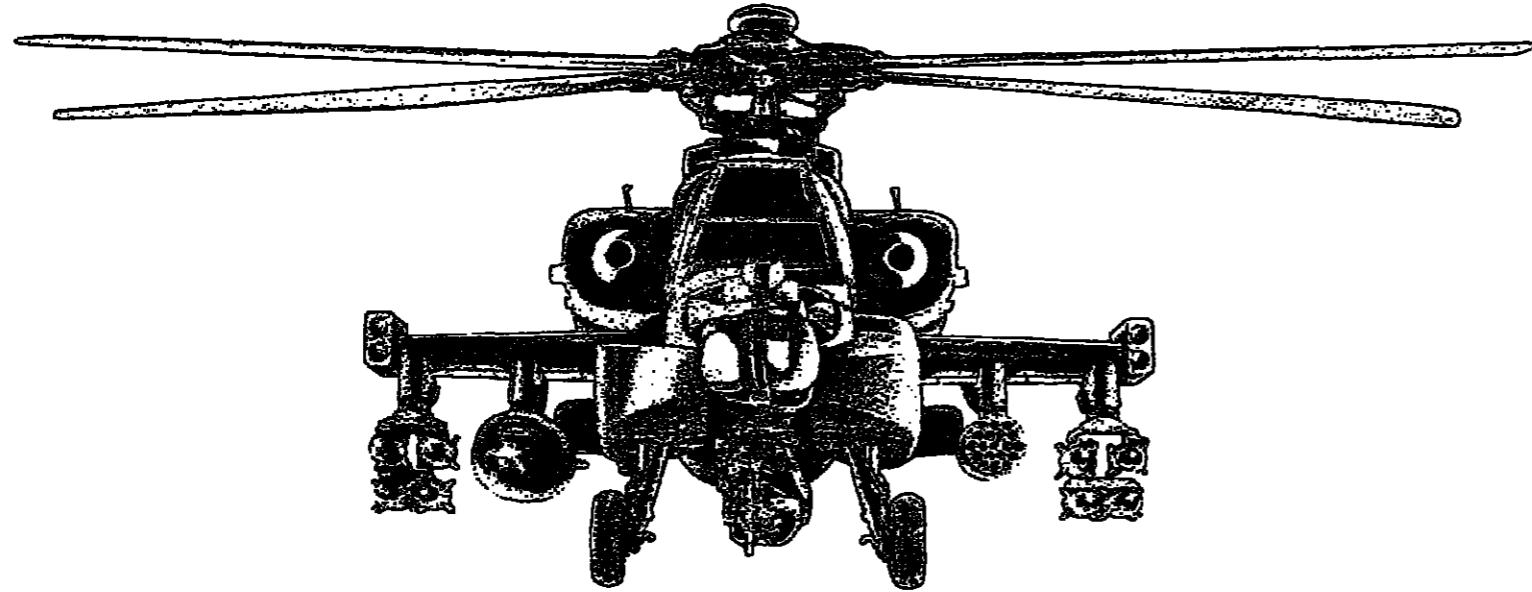
Source: OECD, ADGB and Bloomberg

has attracted greater attention recently, particularly in relation to their willingness to assume risk, the BIS argues. And in the aftermath of the Berlin Wall, the BIS suggests that the recent swing away from complex derivatives to the simpler "vanilla" variety provides a sign that the financial world is on the path to overcoming the problem, partly of its own accord - a free market solution that has left some BIS officials hoping that this year might yet be a little quieter than the last.

On inflation, the report says: "We would seem still to be on the longer-run trend towards greater price stability which was initiated by the policy shifts of the late 1970s."

OTC derivatives surge. Page 32

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Royal Netherlands Air Force got everything they wanted in a helicopter. They got the best.

MCDONNELL DOUGLAS



Motor neurone drug success

By Clive Cookson, Science Editor

The most encouraging results obtained so far for any treatment of a degenerative nerve disease were announced yesterday by Cephalon, a US biotechnology company.

A clinical trial of 266 patients with amyotrophic lateral sclerosis (also known as ALS, motor neurone disease or Lou Gehrig's disease) showed that Myotrophin, a drug made by genetic engineering, significantly slowed degeneration.

"The results of this study are dramatic and clearly herald a change in the way we treat this devastating disease," said Dr Dale Lange, co-director of ALS treatment at New York's Columbia-Presbyterian Medical Centre. "For the first time, we have an agent with a strong basic science rationale verified by a clinical trial."

In the nine-month study, undertaken at eight hospitals in the US and Canada, patients who received Myotrophin injections showed 25 per cent less deterioration than those who received placebo (dummy) injections. They were therefore able to maintain an independent lifestyle for several months longer.

ALS is a wasting disease characterised by the progressive degeneration of motor neurones, the nerve cells that control the movement of muscles. There are an estimated 30,000 patients in the US and 5,000 in the UK.

Famous sufferers include Lou Gehrig (baseball star), David Niven (actor) and Don Revie (football manager). Patients typically die within two to five years. Prof Stephen Hawking, the Cambridge University cosmologist, has an exceptionally stable form of ALS.

Myotrophin is a human protein called insulin-like growth factor-1 or IGF-1, made by genetically engineered cells in culture. It stimulates the sprouting and regeneration of nerve cells.

IGF-1 cannot stop the underlying disease process or cure ALS (whose ultimate cause is unknown). But the Cephalon results suggest it may enable the motor neurones to keep functioning for a few extra months or even years.

The same drug is likely to help patients with other conditions affecting the nervous system outside the brain, such as diabetic neuropathy and post-polio syndrome.

INTERNATIONAL NEWS DIGEST

IAEA wants to boost powers

The International Atomic Energy Agency (IAEA) is seeking international backing to boost the powers of its inspectors who police worldwide curbs on the spread of nuclear weapons, officials said yesterday. The IAEA runs inspections to check whether nuclear materials have been diverted from civilian to possible military use.

Mr Hans Blix, director of the UN's nuclear watchdog, opened a week-long governors' meeting outlining the IAEA's efforts to raise the agency's effectiveness in monitoring global nuclear energy programmes. The board of governors, made up of officials from 35 of the 122 member states in the IAEA, would be asked to endorse two stages of tighter controls, said Mr David Kyd of the IAEA.

There were four key elements to the first stage of the IAEA's efforts to strengthen agency safeguards. Mr Kyd said:

- obtain greater access to information about nuclear activities in member nations;
- obtain greater access to nuclear sites;
- shorten the notice time for inspections by removing visa requirements for inspectors, which can alert a country that an inspection is forthcoming;
- begin environmental monitoring, including taking samples of soil, water and air, to search for signs of nuclear activity.

Mr Kyd said the second stage involved measures that would extend inspectors' mandate.

Reuter, Vienna

Fears over Zaire arms airlift

Amnesty International investigators have confirmed that weapons and ammunition were being secretly airlifted to Zaire for use by the former Rwandan army and Hutu militias.

The London-based human rights organisation said it had confirmed reports that cargo aircraft registered in Ghana, Nigeria, Ukraine and Russia were arriving regularly at Goma airport in Zaire carrying arms from countries including Bulgaria and Albania. It expressed fears that the weapons could be used by former members of the Rwanda army and Hutu militias based in Zaire to carry out new killings.

"There looms a real possibility of large-scale human rights abuses, fuelled by the hand grenades, land mines, rifles, machine guns and ammunition being supplied to those responsible for last year's crimes against humanity."

Amnesty's report said.

Reuter, London

Palestinians to set up council

The Palestinians will establish their own city council in Jerusalem to underscore their political claims in the disputed city, senior PLO officials said yesterday. The move was likely to renew tensions between Israel and the Palestinians over the future of the city, after a crisis last month over Israeli land confiscations in Arab east Jerusalem.

Mr Faisal Husseini, minister in charge of Jerusalem affairs in Mr Yasser Arafat's administration, said the Palestinian cabinet approved the revival of the council in a weekend session. Mr Amin Majaj, 74, would be the new mayor of east Jerusalem.

AP, Jerusalem

Walter Landor dies, aged 81

Walter Landor, founder of one of the first corporate identity consultancies, died on Friday at the age of 81. Mr Landor, born in Munich and trained in London, was a co-founder of Industrial Design Partnership, the UK's first industrial design consultancy. A trip to the US as part of the design team for the British Pavilion at the 1939 New York World's Fair took him to the West Coast, where he fell in love with San Francisco and settled there.

In 1941, he started Walter Landor & Associates, one of the first consultancies to use consumer research in design. Designs included the Levi's symbol, the Cotton mark, and packages and designs for Alitalia, British Airways, Miller Brewing, the World Wildlife Fund and the 1996 Atlanta Summer Olympics. Mr Landor retired in 1983, but returned to run the company briefly in 1989 after internal disagreements. It was sold to Young & Rubicam, the advertising agency.

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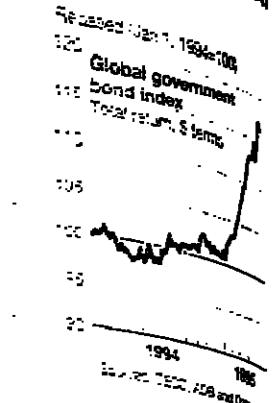
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FINANCIAL TIMES
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moil

writes Gillian Tep



NEWS: THE AMERICAS

Blow to affirmative action in US

Liberal policies dented by courtBy Jurek Martin, US
Editor, In Washington

The US Supreme Court yesterday issued two rulings that appear to strike at the heart of two controversial pillars of federal government policy - affirmative action and school desegregation.

The court sent back to an appeal court for further study a Colorado case over whether government programmes to assist minority contractors end up discriminating against white-owned competitors.

On a similar 5-4 verdict, the nine-judge court found, in a Missouri case, that court-ordered school desegregation programmes had been ended even if test scores of minority students have not reached national norms. In the first case, lower courts had ruled against a suit brought by a white-owned company which claimed it had lost a roads improvement contract to a minority competitor, even though it had submitted the lower bid, because of federal law giving a bonus to highway departments which award at least 10 per cent of business to minority companies.

In reversing a 1990 ruling that upheld affirmative action, Justice Sandra Day O'Connor wrote: "Federal racial classifications, like those of a state, must serve a compelling governmental interest and must be narrowly tailored to further that interest."

States may apply what is known as "strict scrutiny" in order to redress clear evidence of past race-based discrimination, but federal laws have been more broadly directed. In applying tougher standards to the federal government, Justice O'Connor acknowledged that the ruling "alters the playing field in some important respects."

A similar judicial logic was evident in the case whereby the state of Missouri had petitioned to stop paying a share of the costs of a desegregation programme in Kansas City ordered by federal courts.

Chief Justice William Rehnquist, for the majority, wrote: "The insistence on academic goals unrelated to the effects of legal segregation unreasonably postpones the day when [the Kansas City school district] will be able to operate on its own."

A tale of trouble from the far west of Brazil

Angus Foster finds NGOs complaining to the World Bank about its projects in an Amazonian state

Brazil's north-western state of Rondônia is one of the country's poorest and many Brazilians cannot even place it on a map. But it is the site of a recurring bad dream for the World Bank, whose lending projects in the state have been surrounded by controversy for a decade.

An alliance of 30 non-government organisations from Rondônia, with support from international groups such as Friends of the Earth and Oxfam, will this week present a complaint to the bank's inspection panel, set up in 1993 to review bank projects.

This will be only the second appeal to the panel, a three-man independent body, and the first for a project under way. Bank critics say the case could be an important guide to the panel's independence.

"We don't want the project cancelled because it is important for the state," says Mr Luis Rodrigues, spokesman for the NGO group. "But we don't want it as it is because, from the point of view of achievement, there is nothing to show."

The bank has to be more demanding and get the state government to act."

The bank's problems in Rondônia started 10 years ago with the \$457m (£287m) Polonoroeste project, which involved the paving of a 1,000-mile road



Picture: Tony Korn

to improve communications for development of the region. The road speeded immigration, leading to rapid deforestation and invasion of tribal people's lands. Mr Barber Conable, then president of the bank, admitted in 1987 that the project was "a sobering example of an environmentally sound project gone wrong".

To undo the damage, the bank launched the Planaflo (Rondônia Natural Resource Management) project in 1992 with \$167m of World Bank money. The project, a highlight at the Rio de Janeiro Earth Summit, was billed as a big step forward because it stressed environmental zoning. This sets limits on which areas can be developed and protects primary, or virgin, forest. It

was also aimed at helping people such as small farmers, rubber tappers and indigenous tribes whom big projects usually ignore.

According to the NGO complaint, none of the money has yet reached these intended targets and the project has caused serious damage to the region and its people. It says this is mainly because the bank failed properly to monitor the government of Rondônia state or to complain when that government breached the project's accords.

The most serious complaint concerns an accord which the Brazilian federal land agency, Incra, was supposed to sign with the Rondônia government. The accord was meant to make sure that such policies as

opening new farming areas respected the local environment and protected forest. As a mark of the accord's importance, it was made a condition for the 1992 lending accord to take effect.

Three years later, the accord has still not been signed. Incra, apparently unwilling to submit to the environmental monitoring which the accord involved, has settled people on hundreds of thousands of hectares of land in areas meant to be closed to development.

Mr Roberto Smeraldi, of Friends of the Earth says more than 10,000 people, mainly landless farmers, have arrived in these areas, most of which have poor soil and which Planaflo was meant to protect. Land titles issued by Incra led to invasions, land disputes and rapid deforestation.

Mr Emerson Teixeira, Rondônia planning secretary since a new government took over on January 1 after elections last year, says the accord will be signed "in the next two weeks", after a change of president at Incra. He also says his government will correct its predecessor's mistakes.

"Under the last government, all the project's resources were spent on bureaucracy and the civil service, in areas like salaries and consultancies."

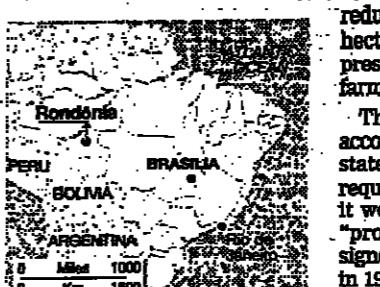
"For example, loans to small

producers are stuck in the state bank because of bureaucracy. Our government intends to implement exactly what was meant by Planaflo, where the beneficiaries were meant to be the small producers and the Indians."

Mr Rodrigues replies: "The project doesn't interest the government, the project's resources do."

Planaflo was also designed to establish various conservation areas to cover regions of special ecological or biological interest in Rondônia. By September last year, the state government was meant to have set up four "extractive" reserves (designed to manage forests with the minimum of damage), but only one has been created so far.

"But it seems to us that the bank is there just to lend money, and doesn't appear very worried about the results," he says.



Rondônia
BRAZIL
PERU
BOLIVIA
ARGENTINA
Scale 1:2,000,000
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1994: YET ANOTHER POSITIVE YEAR.**CONSOLIDATED BALANCE SHEET 1994**

US\$m

Customer deposits	16,849
Loans to customers	14,816
Net income	91*
Total assets	30,245
Shareholders' equity	1,462

* After the write-down to market value of the entire security portfolio.

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	US\$ m
Customer deposits	16,613
Loans to customers	13,651
Net income	93
Total assets	27,877
Shareholders' equity	1,320

(Exchange Rate Lira US\$ as at 31st December 1994: 1,629.74)

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ITALY'S LEADING PRIVATE BANK

July 1995



Bill Clinton and Newt Gingrich: civility of discourse

Picture: EPA

Bill and Newt – just cuddling up

Jurek Martin finds the president and the speaker making an unlikely couple

It has long been apparent that President Bill Clinton and Congressman Newt Gingrich, the Speaker of the House of Representatives, often talk and think alike, even if they generally come to radically different policy conclusions.

Now Washington and the country are having to come to terms with a new phenomenon: that the president, in conservative eyes the epitome of all that is bad in 1960s liberalism, and the Speaker, seen by liberals as intent on undoing all the social good works of the last 60 years, may actually be willing to co-operate.

The pure civility of their discourse in front of an audience of senior citizens in New Hampshire late on Sunday afternoon was striking. They agreed to differ, but only as reasonable people should, and both condemned the coarsening of public debate and the media's role in promoting conflict over conciliation.

Mr Gingrich was positively effusive in his generosity towards Mr Clinton and the president responded in kind. They agreed spontaneously on the need to form a commission on campaign reform and the power of lobbyists. Mr Gingrich more or less conceded that the foreign aid bill passed by the House just last week would have to be amended. Mr Clinton promised to work with Mr Gingrich to reform Medicare for the aged.

Both were sensitive to a constant strain in the questions put to them, that there is too much "sniping" and "the playing of special interests" in Washington politics, and not enough effort devoted to "the common good" of the country. "That's a very good question," Mr Gingrich answered.

But, inevitably, the political post mortems were mostly about who profited most from the exercise, which, though

shown on national cable television, was still not deemed important enough to break into Sunday sports on the networks.

It obviously did the Speaker no harm for him to be judged worthy of sharing a forum like this with the president, a first in US politics. On the other hand, some White House advisers, such as Mr James Carville, did not mind elevating the Speaker because they – and the opinion polls – think he can be beaten if he runs for president, unlikely though that now seems.

Public attention on Mr Gingrich also has the temporary benefit of deflecting it from declared Republican candidates, especially Senator Robert Dole, the majority leader. Mr Mike McCurry, the White House press secretary, was not above remarking that Mr Dole did not get much coverage over the weekend of his campaign trip to Iowa.

Mr Gingrich may, on the other hand, have disappointed his more fervent right-wing supporters for having let Mr Clinton off so lightly, for not having pushed the anti-government litany as hard as he might, and for conceding that legislation like the current foreign aid bill might never see the light of day.

The Speaker had, after all, not so long ago called the president "irrelevant" and only last week described him as "frankly pathetic", which is more the language expected of him. However, the New Hampshire audience was Clinton-friendly and Mr Gingrich's antennae would have been sensitive enough to pick up the vibrations.

Certainly, if Mr Gingrich appointed his hard core, Mr Clinton will not have assuaged doubts among liberals that he is far too naturally inclined to accommodation, even with the right.

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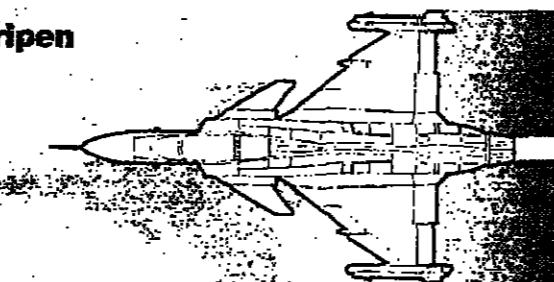
POWERFUL NEW GROUPING IN WORLD COMBAT AIRCRAFT MARKET

Bae and Saab in fighter alliance

By Bernard Gray, Defence Correspondent in Paris

British Aerospace and Saab have agreed a joint venture on the international marketing of the Swedish JAS 39 Gripen fighter aircraft. The move allows Bae to offer a range of fighters from the Hawk light fighter-trainer through the Gripen single-engined medium fighter to the twin-engined Eurofighter at the top of the range.

The alliance also creates a powerful new grouping in the European combat aircraft market. Saab and Bae will work jointly on further development of the Gripen, increasing links between the two companies.

Gripen

Britain is likely to be the largest buyer of Eurofighters putting Bae in a leading role in the Eurofighter consortium, and the alliance with Saab expands its portfolio of aircraft. The range Bae can now offer puts it ahead of Dassault of France as Europe's most

beyond the year 2000.

"These two players should obtain a 40 per cent-plus market share in the next century," said Mr Richard Aboulafia of Teal. "The rest will go to the Dassault Rafale and the McDonnell Douglas F/A-18 Hornet and Russian designs."

Bae has already helped Saab with some critical technologies on the Gripen, including the computer flight control system and composite materials.

The two companies will work together on completing development of the Gripen, and Bae will make a number of modifications to ensure the aircraft is suitable for the export market.

The Gripen will compete with the Lockheed Martin F-16

Falcon, and is likely to be sold to countries which are looking for advanced fighters, but which cannot afford the Eurofighter. Bae will build 40 per cent of the Gripen for sales outside Sweden, with the Saab consortium building the remainder.

The deal also isolates the French group Dassault, whose new Rafale fighter is being bought in smaller numbers by the French government than the likely production run of the four-nation Eurofighter. As a result, export orders for the Rafale may be harder to achieve.

A grand alliance of all three European combat aircraft makers is possible, but is a long way off.

Warning on air traffic doubling

By Michael Skapinker in Paris

A doubling of air traffic over the next 20 years threatens to overwhelm the world's airports and air traffic control systems. Mr David Hinson, administrator of the US Federal Aviation Administration, warned yesterday.

Mr Hinson said at the Paris air show that the number of people travelling by air annually was expected to rise from the 1bn now to 2bn by 2015,

but that Europe and the more densely populated Asian centres would find it difficult to accommodate the increase. Four European airports - London's Heathrow, Frankfurt, Charles de Gaulle and Orly in Paris - were already among the busiest in the world.

Mr Hinson said worries about airports' ability to absorb more traffic was having an adverse impact on aircraft manufacturers' ability to sell their products. Allowing aircraft to navigate by satellite would help. More was required than "pouring new concrete," he said. "We must have ultra-reliable air traffic control systems that can move an ever-increasing number of passengers and aircraft safely to their destinations."

Mr Hinson said the US was

preparing to provide airlines with access to its Global Positioning System (GPS), based on a network of 24 satellites.

The system allows pilots travelling across oceans to determine their positions to within 100 metres.

Airlines will be permitted to use the system free of charge. The system, which costs \$400m a year to maintain, will be administered for airline purposes by the Montreal-based International Civil Aviation Organisation. It allows airlines to use routes with more favourable wind conditions, helping to cut journey times and creating savings on fuel.

Mr Hinson said airlines which used the system could reduce their fuel bills by hundreds of millions of dollars annually.

WORLD TRADE NEWS DIGEST**Arianespace to get new rocket**

Arianespace, the European satellite-launching company, yesterday moved ahead with the next stage of its technical development by signing a FF12bn (\$2.36bn) contract with seven European suppliers for the new Ariane-5 rocket, but warned of the joint US-Russian challenge to its lead in commercial satellite launches.

Mr Charles Bigot, Arianespace's president, said the link between Lockheed-Martin of the US and Khrunichev of Russia, using a cheap dollar and Proton rockets, threatened to prove "hard and aggressive" competition to the European company in the future. Arianespace also yesterday announced a modest increase in turnover last year to FF4.6bn with profits down to FF140m.

David Buchan, Paris

Airbus orders total \$1.5bn

Airbus Industrie, the European aircraft consortium, yesterday announced orders totalling an estimated \$1.5bn, trumping an earlier order announced by Boeing, its US rival. The Airbus orders were the first big deals for European companies at the nine-day Paris Air Show after Boeing claimed first blood in the fierce commercial war for orders on Sunday.

The four-nation Airbus grouping said Lufthansa, the German carrier confirmed an order for 20 Airbus A319 jets, which seat 124, while Air Canada converted 10 options into firm orders for the same aircraft. The Air Canada order makes the airline the biggest operator of Airbus in North America. It will have six A340 and 35 A319s in 1998, when the aircraft will have been delivered. Boeing on Sunday said it had \$654m of orders for its B737 small twinjet.

Reuter, Le Bourget, France

■ Rolls-Royce said it had won a contract worth \$75m to supply RR211-335 aircraft engines for five Boeing 757 aircraft ordered by United Parcel Service. Rolls-Royce already had a contract to provide engines for 35 UPS 757s, 16 of which have been delivered.

Reuter, Paris

■ China Airlines and Eva Air, Taiwan's two largest international carriers, yesterday signed letters of intent with Boeing for the purchase of eight to 12 Boeing 777s. The deal follows President Lee Teng-hui's US visit.

Kyodo, Hong Kong

GE wins power plant contract

General Electric of the US, with Italian and Saudi partners, has secured a \$1.3bn contract to build a power station outside Riyadh in Saudi Arabia. The plant, Riyadh 9, is the latest of a series being built by the Saudi Consolidated Electric Company.

At 1,300MW, Riyadh 9 is claimed to be the world's biggest dual-oil fired combined cycle plant. GE will provide gas and steam turbines and generators from its plants in the US. Its Italian partner, Bellini, will provide \$220m worth of boilers, condensers and construction work. The local partner, Saudi Binladin, will provide infrastructure.

Tony Jackson, New York

Vietnam shoe exports halted

Measures by the Vietnamese authorities limiting shoe exports threaten the survival of foreign joint ventures in the industry, according to the Vietnam Investment Review. Shoe exports have ground to a halt as a result of a decision which prevents joint ventures that do not source 60 per cent of materials domestically from exporting their finished products.

The move will make it difficult for joint ventures with about 70 Vietnamese companies to continue operating. Most involve investors from Taiwan and South Korea, which import shoe parts for assembly in Vietnam. Last year 100m pairs of shoes were exported.

Our Correspondent, Hanoi

UK may join Eurofighter missile venture

By Bernard Gray

Spain to develop a missile without competition.

"We have not yet made any decisions," Mr Freeman said, "but I am in favour of a collaborative development".

If the French Rafale aircraft were also included, the missile would have a base market of 1,100 fighters and an initial production run of 10,000-12,000 missiles.

The move might also offer a way to free the deadlock in negotiations between Bae and Matra of France over the merger of their missile businesses.

France has objected that the UK's open procurement policies allow US missiles into the UK while it is extremely difficult to sell European missiles into the US.

Chile's patience wearing thin over Nafta

Nancy Dunne in Washington

Chile's long-held ambition to join the North American Free Trade Area hinges on the ability of the Clinton Administration to obtain "fast track" negotiating authority from Congress in the next nine months.

Chile has been the first in the queue among Latin American countries wanting to join Nafta and its patience seems to be wearing thin.

"If we don't have fast-track by early February, the whole process is probably doomed."

said Mr Eduardo Aninat, Chilean finance minister. At that point the talks would get entangled with presidential politics for another year, and Chile is not willing to wait indefinitely.

Mr Aninat was in Washington last week after the launch in Toronto of formal talks for Chile's accession to Nafta. After meeting Congressional leaders, he pronounced himself "optimistic" about the outcome for fast-track.

Governments are loth to negotiate trade pacts with the US without fast-track, which

allows trade agreements to move through Congress without formal amendment. Chile is no exception, and it has other options.

It is already negotiating associate membership with the Mercosur free-trade area grouping Brazil, Argentina, Uruguay and Paraguay, and has held initial discussions for a protocol with the European Union.

The House trade sub-committee this month is expected to write the fast-track provision.

However, Republican and Democratic members are still debating the inclusion of labour and environment provisions such as those negotiated for Nafta.

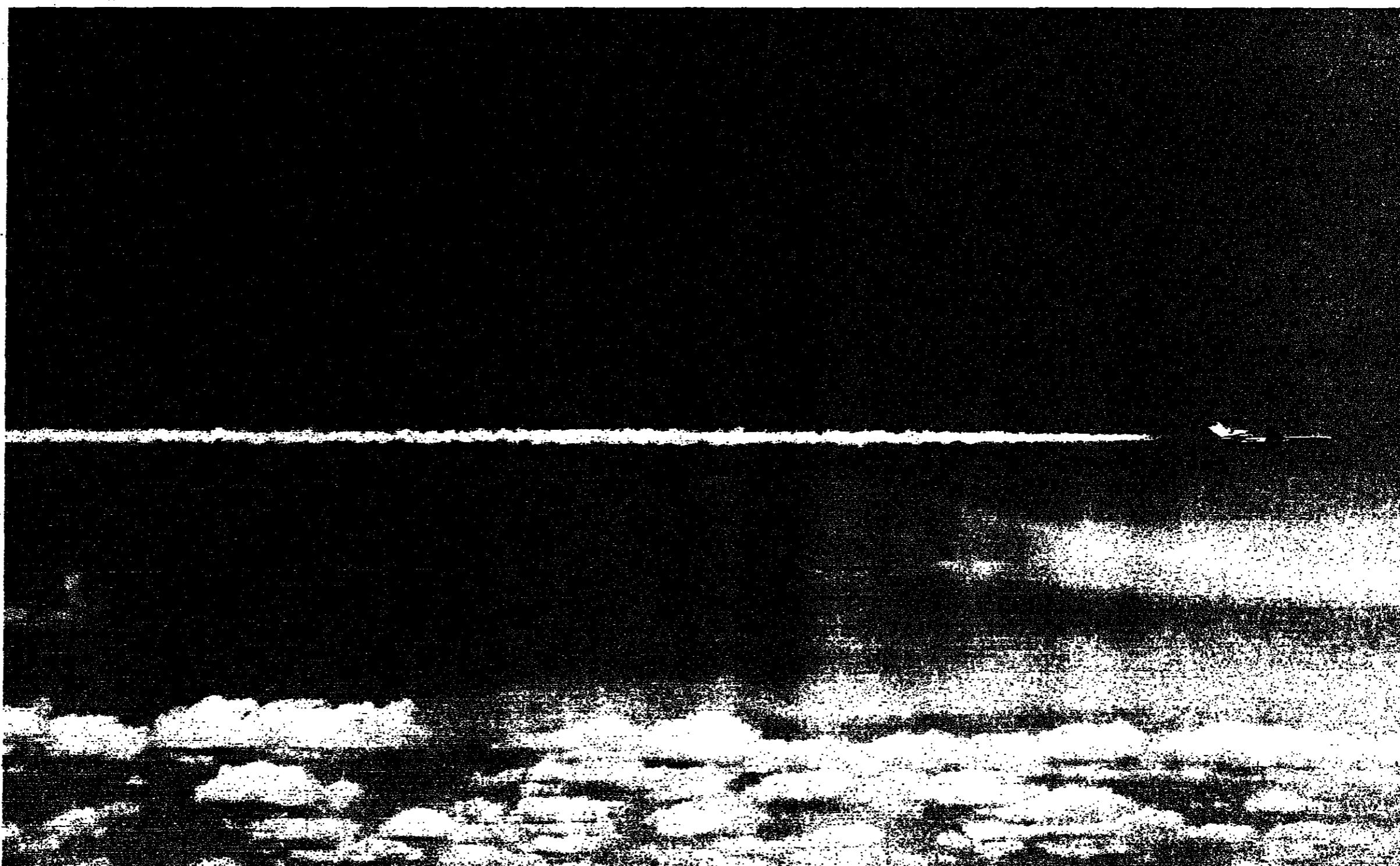
Replicants, urged on by business groups, are refusing to approve a fast-track which includes labour and environment.

Mr Richard Gephardt, House minority leader, is calling for inclusion of labour and environmental provisions even more stringent than those in Nafta.

One compromise would provide fast-track authority for the trade portions of the deal, but the labour and environment side pacts would proceed through Congress without it.

Beyond the stalemate over environment and labour, it has not yet been decided whether Congress will consider a fast-track for an unlimited number of trade negotiations or for Nafta and the remaining parts of the Uruguay Round only.

In Toronto the trade ministers agreed to appoint lead negotiators this month to meet no later than the end of July. Initially they will establish a framework for tariff negotiations and deal with market access issues.

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★ NEWS: ASIA-PACIFIC

US, N Korea agree text of reactor pact

By John Burton in Seoul

US and North Korean negotiators agreed in Kuala Lumpur last night on the text of an accord letting South Korea provide light-water nuclear reactors to Pyongyang.

The agreement, still to be approved by each government, would represent a concession by North Korea, which had refused to accept South Korea's built reactors.

The row had threatened to unravel last October's US-North Korea nuclear accord, whereby two light-water reactors were promised to Pyongyang if it scrapped its suspected nuclear weapons programme.

Pyeongyang had demanded the reactors come from the US or Europe; the US insisted South Korea be the main contractor, since Seoul is financing over half the \$4bn (£2.5bn) project.

North Korea apparently agreed to accept the South Korean reactors after the US offered not to specify their country of origin in the contract to be signed between Pyongyang and the US-led organisation that will supervise the project. The explicit naming of South Korea as supplier would represent a loss of face for North Korea.

Officials in Seoul said the reactor agreement would state that North Korea would accept the reactor model selected by the Korean Peninsula Energy Development Organisation (Kedo), which has already declared its support for the South Korean model.

South Korea initially demanded its role be clearly defined in the reactor contract to prevent North Korea exploiting loopholes and barring Seoul from the project.

For the past seven months, North Korea successfully used the vague wording of the October nuclear accord to argue against acceptance of the South Korean reactors.

South Korea retreated on the reactor type being named in the contract after US officials assured Seoul the agreement's text would be explicit enough to guarantee South Korea would have the central role in the project. But it is still uncertain whether all outstanding issues on the reactor project have been solved.

Pyeongyang earlier demanded Kedo must also provide sites in related facilities, including power transmission lines and training simulators, if it accepted the South Korean reactors.

North Korea dropped that demand last week, but the US agreed North Korea could discuss this issue later with Kedo.

ASIA-PACIFIC NEWS DIGEST

Confidence vote planned in Japan

Japan's largest opposition party yesterday submitted a no-confidence motion against the government, in protest at the ruling coalition's passage on Friday in its absence of a resolution determining the nature of an official apology to mark the 50th anniversary of the end of the second world war. Mr Toshiaki Kaifu, leader of the New Frontier party, said that judging from its handling of the Kobe earthquake and the war resolution, the government did not deserve the confidence of the house.

Traditionally, Diet resolutions in Japan have been adopted with the endorsement of all parties, except occasionally, the Communists. But the government was keen to get the war resolution adopted before Prime Minister Tomiichi Murayama went to the Group of Seven industrialised nations' Halifax summit on Thursday. Given the ruling coalition's strength in the lower house, the no-confidence motion is expected to fail when it faces a vote tomorrow. Michio Nakamoto, Tokyo

Singapore's Lee blasts US media
Mr Lee Kuan Yew, Singapore's senior minister, yesterday blasted US publications he accused of trying to impose cultural supremacy, and vowed his nation would never become a client state of Washington. During evidence in his civil defamation case against the International Herald Tribune, he said of an article published last August: "I saw it as a very daring assault on my integrity, my standing and my honour". Mr Lee along with his son Mr Lee Hsien Loong, deputy prime minister, and Mr Goh Chok Tong, prime minister, are suing Mr Philip Bowring, who wrote the article. Mr John Vinocur, IHT executive editor, and Mr Richard McLean, its publisher, for defamation. The IHT published an apology over the article. At issue now is the amount of damages to be paid. Reuter, Singapore

SA shuns Indian Ocean plan

South African representatives yesterday declined to take part in any security-related discussions held by the International Forum on the Indian Ocean Region (Ifior) in Perth, insisting that intra-regional talks should concentrate on trade matters and avoid "divisive issues". They said South Africa would not support further intergovernmental talks on enhanced economic co-operation among Indian Ocean rim countries unless these were broadened to include "hub-and-spoke" countries affected by Indian Ocean economics. Nikki Tait, Sydney

EniChem Synthesis

Invitation to offer to purchase the assets and business operating in the chlorine derivatives sector

EniChem Synthesis SpA, entirely owned by EniChem SpA, registered with the Palermo Court, Companies Registry no. 3120223729, intends to receive and evaluate offers for the acquisition of the assets and business relating to the production and commercialisation of chlorobenzenes, chlorodluenes and other chloroaromatics; chlorine, sodium hydroxide and derivatives; sulphuric acid. Production is carried out at a factory in Pieve Verrone (Novara). In addition, electricity mainly used captively is also produced by two hydroelectric power stations owned by EniChem Synthesis SpA.

In 1994 the business was sold to a total sales of approximately Lit. 58 billion. The workforce was 294 employees as of 30.4.95.

For the purposes of this transaction EniChem Synthesis SpA has engaged the services of Samuel Montagu & Co. Limited ("Samuel Montagu"), to whom interested parties should direct any enquiries. The relevant persons at Samuel Montagu can be contacted at the following address:

Samuel Montagu & Co. Limited
10 Lower Thames Street, London EC3R 6AE, England
Arnold Shipp, tel. (44-171) 2609467
Maurizio d'Andrea, tel. (44-171) 2609448
Giulio Cantaralli, tel. (44-171) 2609137
Fax (44-171) 2609819

This announcement is directed to limited liability companies. Combined offers by more than one party will not be considered. Interested parties should register their interest in writing with Samuel Montagu no later than 23 June 1995, by letter or fax, and apply for an information memorandum specifically prepared for the sale.

EniChem Synthesis SpA reserves the right, at its sole discretion, to refrain from providing the information memorandum to any interested party. The information memorandum will be sent after a confidentiality agreement has been validly signed by an officer or legal representative of the company and returned to Samuel Montagu no later than 4 July 1995. Together with the confidentiality

Beijing seems unsure how to react to Washington's muted welcome for the Taiwanese leader

China limits retaliation over Lee visit to US

By Tony Walker in Beijing

Chinese official anger over the visit to the US by President Lee Teng-hui of Taiwan appears to have calmed for the moment, but the episode has unsettled Sino-US relations and scope for misunderstanding has widened.

Beijing's acute sensitivity to the island, which it regards as a renegade province, risks further tension when the Republican-dominated US Congress seems intent on mounting a challenge to China on a range of issues - from Tibet to Taiwan itself. China's initial furious reaction may also have been tempered by the Clinton administration's conspiratorial efforts to distance itself from the Taiwanese leader's presence in the US.

China's "hot and cold" response since news broke of Mr Lee's trip to the US to attend a reunion at Cornell, his alma mater, has indicated uncertainty in the leadership about whether the granting of a visa to Mr Lee reflected a change of US policy.

and broke formal ties with Taiwan. While US officials in Beijing are adopting a sanguine approach to the issue, they are not discounting the possibility of further Chinese protest. "We are not sure what the other shoe might drop," said one.

Beijing may have concluded that its response, including strident newspaper commentaries, is enough for the time being to satisfy both domestic expectations and the need to convey strong disapproval to the US and others who may be thinking of opening the door to the Taiwanese leadership.

A senior European ambassador said Sino-US tensions were inevitable in what he described as a "switchback relationship". He also noted that Beijing was not anxious to see the row over Taiwan boil over. "Americans are blue chip and they like blue chip."

China's media meanwhile reported approvingly President Bill Clinton's meeting at the White House last

Thursday with Mr Li Daoyu, the Chinese ambassador to Washington.

The official China Daily yesterday noted that Mr Clinton had reaffirmed US China policy that there was "one China", not "two Chinas", or "one China, one Taiwan". The paper also reported that Mr Li had urged Mr Clinton to "correct US mistakes" over Taiwan "so as to avoid further serious damage to Sino-US relations".

Chinese initial anger may have also been somewhat assuaged by President Clinton's conduct in the US, and his conciliatory remarks on his return to Taiwan. The Taiwanese leader did not travel to Washington, and did not receive congressmen who had sought a meeting.

In Taipei yesterday Mr Lee said: "It is necessary for us to take every occasion to create mutual trust and understanding with mainland China." "My visit was absolutely not intended to

create two Chinas. Taiwan must reunify," he added.

The Taiwanese leader avoided a sharp response to the insults heaped upon him by Beijing, which had described him as a "bar" and a "prostitute". "Those people who truly understand the will of the Taiwanese people and the difficulties that Taiwan encounters in the international community should not make such sharp criticism."

Our Foreign Staff adds: The US has postponed at least one high-level trade meeting with China as Washington's policy of comprehensive engagement with Beijing moves into a fragile period. A July visit planned by Mr Ron Brown, commerce secretary, has been delayed at least until the autumn.

A trip this month by Ms Charlotte Barakatoff, assistant trade representative, is intended, however, to go ahead.

Asian countries urged to reform capital markets

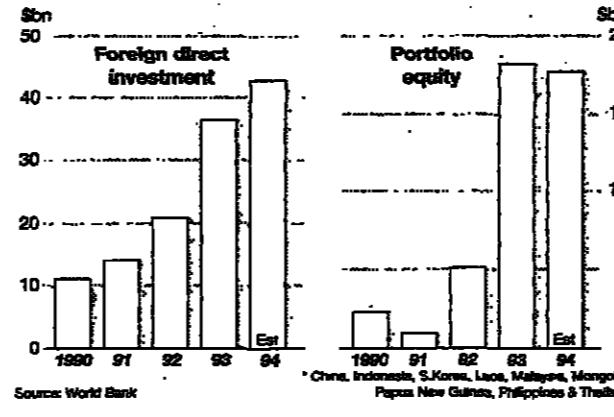
By Peter Montagnon,

Asia Editor

Asian countries must accelerate reform of their domestic capital markets if they are to continue to absorb large inflows of foreign capital, particularly of portfolio investment and short term money, according to a study by the World Bank.

Private capital flows to the region have quadrupled so far this decade to an estimated \$82.5bn (£51.6bn) a year and now dwarf official flows. Within the total foreign direct investment accounted for \$42.7bn last year and portfolio investment \$17.6bn. The Bank thinks large private flows will continue. "High real growth rates make these markets highly attractive to investors in

Capital flows to developing east Asia*



terms of risk-adjusted yields." Citing with the inflows poses a challenge for the governments concerned, the Bank

can leave as quickly as it comes in, prompting a Mexican crisis.

Governments must protect themselves with sound domestic policies, the Bank says.

"But the issue is not whether capital flows are good or bad. The challenge is to conduct both macro and micro policy to ensure that the additional resources provided by foreign capital inflows are used to best effect in promoting growth and development."

Sterilising the money supply of capital inflows by selling government securities has been tried by several countries. But this is not sustainable when the inflows are persistent, as it tends to keep interest rates high.

Thailand and Malaysia have run large current account deficits to absorb inflows while maintaining high export levels, but this is only sustainable if accompanied by increased investment in productive capacity that adds to net exports in the medium term.

To facilitate proper allocation of resources, domestic capital markets must conform more to international norms, the Bank says.

A recurring weakness in Asian markets is the lack of a representative long-term bond rate against which investment returns can be priced. Most of the region's capital markets lack depth and liquidity.

But this is changing fast. Equity markets in South Korea, Thailand and Malaysia now rank within the top 20 in the world by capitalisation.

"As they expand there will be increased information requirements as well as the need for effective prudential regulation that minimises distortions."

Most East Asian countries have established the basic laws needed for capital markets, the Bank says. Enforcement has been inconsistent, though Thailand's Securities and Exchange Commission has prosecuted market manipulators "quite vigorously" since its establishment in 1992.

Another impediment is slow implementation and delivery in securities markets. Turnover has grown rapidly in markets such as Singapore, China and Taiwan that have been computerised.

Managing Capital Flows in East Asia, by Yan Wang and John Shilling, World Bank, 1818 H Street NW, Washington DC 20433, US.

Pakistan braced for tax rises in tough budget

Missed targets for deficit, inflation and growth put IMF deal in peril, writes Farhan Bokhari

After a year of disappointments on the economic front, many Pakistani analysts are bracing for a tough national budget tomorrow. Since the last budget most of the government's estimates on economic performance have proved far too optimistic.

Pakistan is ending the year with a deficit of more than 5.6 per cent of gross domestic product compared with a target of 4 per cent. On the growth front, the government concedes that the overall growth rate of gross domestic product would not exceed 4.7 - substantially below the target of 5.6 per cent.

Inflation, estimated on an annualised rate based on the first 10 months of the fiscal year, has risen to 14 per cent from 11 per cent two years ago, whereas the target was to bring it down to single digits.

All of which spells the need for a tough budget if the government is not to fall out publicly with the International Monetary Fund whose three-year \$1.5bn lending programme calls for much better figures than these.

To retain IMF approval, the government must achieve the deficit target while slashing tariffs. Lower tariffs would cut

customs revenue, creating a budget hole to be filled.

There appeared over the weekend to be some recognition of this: "We have no option but to levy fresh taxes

the crop failure.

Business confidence has also suffered as a result of the continuing violence in the southern port city of Karachi, the heartland of corporate

President Farooq Leghari, in response to a question, explained the reasons for the setback: "Our economy has not been able to achieve the growth targets that were set, nor the inflation targets that were set. The main reasons for both were the difficulties in the agriculture sector."

He said he expected recovery in the agriculture sector to get the country back to its past growth performance of more than 6 per cent annually.

Still, Ms Bhutto's government claims credit for providing a new sense of "underlying stability" to the economy through improvements in the country's foreign exchange reserves and export performance. Reserves have exceeded \$2.6bn, the equivalent of 12 weeks of imports, up from \$2.6bn two years ago.

The government also expects export income for the year which ends this month to rise by up to 17 per cent.

In addition, the government takes pride in its success in approving up to \$20bn in investments during the past year - as much as 10 times any previous annual figure, though critics warn that actual projects would be considerably less than that.

Mr Sartaj Aziz, a former finance minister and now an opposition senator, says: "The overall economic situation is particularly difficult. This is the third low-growth year in succession which means for the majority of the population incomes will fall."

Other critics charge that the government's policy of tight monetary management - under which commercial banks

are being forced to charge rates of around 21 per cent - may have improved the state of its finances, but has depressed the business environment.

Some officials are worried that the country will find it difficult to attract large-scale new investments which could help compensate for Pakistan's expenditure on unproductive areas. Almost two thirds of the country's budget goes on debt servicing and a large army to counter what its rulers see as the threat from India.

"We need new industrial investments at a fast pace so we can break out of our vicious circle of spending too much on defence and servicing our debt," one official says. "In the present difficult times, investors are not going to be too eager to come."

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecus). The Ecus exchange rate shows the number of national currency units per Ecus. The nominal effective exchange rate is an index with 1985=100.

	UNITED STATES	JAPAN	GERMANY
Visible trade balance	Current account balance	Ecu exchange rate	Visible trade balance
Exports	Imports	Exports	Exports
1985	-174.2	-184.5	242.7
1986	23.0	-153.7	248.3
1987	220.2	-144.8	253.0
1988	272.5	-100.2	257.6
1989	330.2	-69.3	261.6
1990	380.7	-79.3	272.6
1991	348.5	-52.4	274.7
1992	345.9	-88.2	277.0
1993	397.3	-98.7	284.8
1994	423.2	-131.4	290.0
2nd qtr 1994	107.8	-32.6	89.7
3rd qtr 1994	106.5	-33.4	89.8
4th qtr 1994	111.3	-32.1	90.0
1st qtr 1995</			

JULY 1995

FINANCIAL TIMES TUESDAY JUNE 13 1995 *

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ate two Chinas. Taiwan was
unity," he added. The Taiwanese leader avoided
any response to the insults levelled
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Taiwan community should not face
and sharp criticism.

ur Foreign Staff adds: The US has
sponsored at least one high-level
meeting with China as Washington's
policy of comprehensive engagement
with Beijing moves into a new
phase. A July visit planned by US
Commerce Secretary, Mr
Brown, delayed at least until the
return.

A trip this month by Mr Charles
Roberts, assistant trade represen-
tative, is intended, however, to be
concluded.

markets

increased information requirements as well as the need for effective prudential regulation that minimises distortion.

Most East Asian countries have established the basic legal framework for capital markets, Bank says. Enforcement has been inconsistent, though Thailand's Securities Exchange Commission has pursued market discipline quite vigorously and established in 1994.

Another impediment is enforcement and delivery of securities markets. They have grown rapidly in recent years in Singapore, China, Taiwan, and have been re-
formed.

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1 budget

Farhan Bokhari

is being forced to do more with less. It has improved its efficiency, but it has not increased its revenues. To improve the business environment, some officials are calling for the country's regulatory agencies to attract foreign investment which could increase its tax base. Another two thirds of the budget goes to subsidies and a large number of public sector workers receive from 60% to 80% of their pay from the state.

The new law makes it easier for companies to obtain work permits for foreign workers and services, but it does not yet allow foreign companies to set up their own offices in the country.

PAYMENTS

Germany

United Kingdom

NEWS: UK

Shipbuilding: Swan Hunter wins a reprieve only days before an auction of its assets Historic yard saved against all the odds

By Michael Cassell,
Business Correspondent

Rescue could not have come a day later. At Swan Hunter's Wallsend yard on Tyneside, where news of its purchase by UK-based THC Group was announced yesterday, lot numbers were being attached to furniture and equipment in readiness for an auction next week that would have ended 125 years of history.

"Today really was the deadline for us to be able to cancel the auction plans," said Mr Ed James, Swan Hunter's joint receiver. Up to 2,000 buyers from around the world were expected to attend the sale, the first due to arrive on Friday.

Against all the odds, THC put in its successful bid on June 1 and contracts were exchanged yesterday. The yard that was apparently destined to close, another all-too-familiar symbol of the region's industrial decline, has won a new lease on life.

In November 1994, as HMS Richmond slipped down the Tyne - the last of 2,700 vessels to emerge from Swan Hunter's yards - those who could bear to watch sang *Auld Lang Syne* accompanied by the company's brass band. Last night, locals were drinking to a deal they hope will bring badly needed jobs to Wallsend and which represents a triumphant end to an exhaustive, two-year campaign to keep the yard alive.

Swan Hunter, owner of the last shipbuilding facility in the north-east, went into receivership in May 1993 when orders finally ran out, leaving 2,400

people to face the dole in a region with the highest unemployment on the British mainland.

Last October the company's Neptune yard was sold to A&P Appleore to be used for ship refitting, while the Hebburn yard with its large dry dock went to Tees Dockland. But the search to find a buyer for Wallsend as an operational unit was less successful and even an international marketing campaign - which drew initial interest from Japan and Malaysia - came to nothing.

One of the main drawbacks to concluding a sale has been the huge potential redundancy liabilities facing any buyer: several looked and were frightened off. Ironically, hopes of a sale rose as the number of workers within the yard was steadily reduced. In recent weeks it has fallen to around 30, most security and maintenance personnel.

By April, receivers Price Waterhouse were acknowledging that a sale looked highly unlikely and that a piecemeal sale of assets appeared unavoidable.

The Wallsend facility, however, was still attracting the interest of THC Group, which first made a bid towards the end of 1994. Its offer, details of which were not made known, was rejected by the receivers as unrealistically low.

THC already has a substantial presence in north-east England with two fabrication yards at Hartlepool employing about 500 people servicing the offshore oil and gas industries.

Behind the decision to



Born again: Michael Peat, who lost his job at Swan Hunter two years ago, shows grandson James Walsh what may still be the future

acquire the Wallsend facility is the company's wish to establish a presence in the market for floating oil production platforms, the demand for which is set to expand as attention moves to exploiting the more marginal offshore fields.

It is expected that the vessels will be constructed at Wallsend and fitted out with equipment manufactured at the company's Hartlepool facility.

Such has been the rush to complete the deal with the receivers that the yard's new owners were yesterday

providing minimal details about their plans for Wallsend. They were unable to say how many jobs would be created or to estimate the total costs of the project.

The company has made clear, however, that its proposals will entail heavy capital investment and that it expects to win substantial financial help in the shape of regional selective assistance grants.

The Tyne and Wear Development Corporation, which has worked closely with the new owners to prepare a business plan and which has advised

them on making a formal application for grant assistance, has also pledged £500,000 towards the project.

News of the last-minute deal was welcomed in Whitehall, as well as locally.

The DTI said that although THC had not formally applied for grant aid, any application would be considered on its merits. There was little doubt last night that funds would be forthcoming, though the extent of any government help is yet to be negotiated.

Campaigners who have fought to keep shipbuilding alive on Tyneside were

ecstatic. "We welcome THC with open arms," said Mr Eddie Dark, Swan Hunter's union campaign co-ordinator.

He said Tyneside hoped the strike was unlawful because it was due to start after the four weeks run out. The NUM maintained that midnight was not only the end of today but also the beginning of tomorrow and therefore the union could call out its members on tomorrow's shift.

Last night, meanwhile, staff at Price Waterhouse were stepping up their efforts to ensure that potential buyers heading for Wallsend did not waste their time making the journey.

Lord Justice Henry said the NUM argument was "ingenious" but had to be turned down "for the simple reason that, while may be seamless, days do not overlap".

Lady Justice Butler-Sloss said "No part of a day can be both Monday and Tuesday, otherwise we shall be in cloud cuckoo land."

Mr Scargill said the judgment was "not only viciously anti-trade union but illogical".

The ruling "not only stands the law on its head but rewrites the calendar and is by any test completely unreasonable".

Mr Scargill said the issue would be referred to his union's annual conference in Blackpool on July 1, where the NUM executive would call on delegates to back a second ballot for industrial action.

The union wants a substan-

Labour yesterday stepped up attempts to signal to the business community that both sides of industry will be consulted on crucial policy issues if the party wins the next general election, Kevin Brown writes.

Mr Tony Blair, the party leader, told the AEEU engineering union in Blackpool that senior shadow ministers will undertake a "huge programme of consultation" with managers and workers in every part of the country.

The law requires that industrial action must start within four weeks of the union winning a mandate for action in a ballot. The NUM announced the result of its ballot on Tuesday May 16. The first of the 24-hour strikes was due to begin at midnight last night.

The company argued that the strike was unlawful because it was due to start after the four weeks run out. The NUM maintained that midnight was not only the end of today but also the beginning of tomorrow and therefore the union could call out its members on tomorrow's shift.

The Labour team will explain policies on key issues such as investment and competition and set out the party's detailed minimum wage proposals and its acceptance of the social chapter of the European Union's Maastricht treaty.

tial basic pay rise for its members at RJB Mining, claiming that the company wants to maintain a three-year wage freeze. The company denies this.

Mr Bill Rowell, the company's director of mining, said: "We have clearly stated that provided the productivity improvements and cost reductions achieved so far this year are maintained, there will be an increase in basic wages at the year-end. We have said this increase will be no less than the rate of inflation."

Cheaper floating oil platforms gain popularity

By Robert Corzine

The market for floating oil production platforms is expected to expand quickly over the next few years.

A recent survey by Wood Mackenzie, the Edinburgh-based consultancy, predicts a sharp rise in their use in the North Sea, as well as in the new oil area west of the Shetland and Orkney Islands.

Fifteen of the 64 new UK offshore fields expected to be developed in the

short to medium term are likely to use some form of floating production system, according to the consultants. That compares with nine identified in a similar survey last year.

The popularity of floating systems has increased as a result of technical innovations and cost factors. Many are based on converting ships such as supertankers. Industry executives say cost savings over conventional fixed platforms can amount to 40 per cent.

Another advantage of floating

systems is that they can be moved easily once a field has been depleted, avoiding the costly abandonment process of fixed platforms.

The UK offshore fabrication industry has failed to win any new-build or conversion orders for floating systems. Most conversions have gone to Spanish yards, while new ones have generally been built in Asia.

Floating production units are particularly useful in the many small North Sea fields that would be uneconomical with a fixed platform. But Ms Kate Jackson, an analyst with Wood Mackenzie, said they were increasingly being used for much larger reservoirs, as well as for those in deep water. The initial phase of British Petroleum's Foinaven field, the first commercial development west of Shetland, will be developed by a floating system.

The Gryphon, operated by Kerr-McGee 200 miles north-east of Aberdeen, is a typical platform. A turret at

the centre of the vessel is secured to the seabed by 10 anchors, each weighing 35 tonnes. The vessel, which has five thrusters mounted along its hull, is able to rotate around the turret so that it is always lying head to the wind.

A computer which receives navigational data from automatic electronic identification systems "transponders" - on the seabed and satellite transmissions, helps keep it precisely on station.

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Greenpeace believes that once these costs are made public, Shell's justification for off-shore disposal will collapse.

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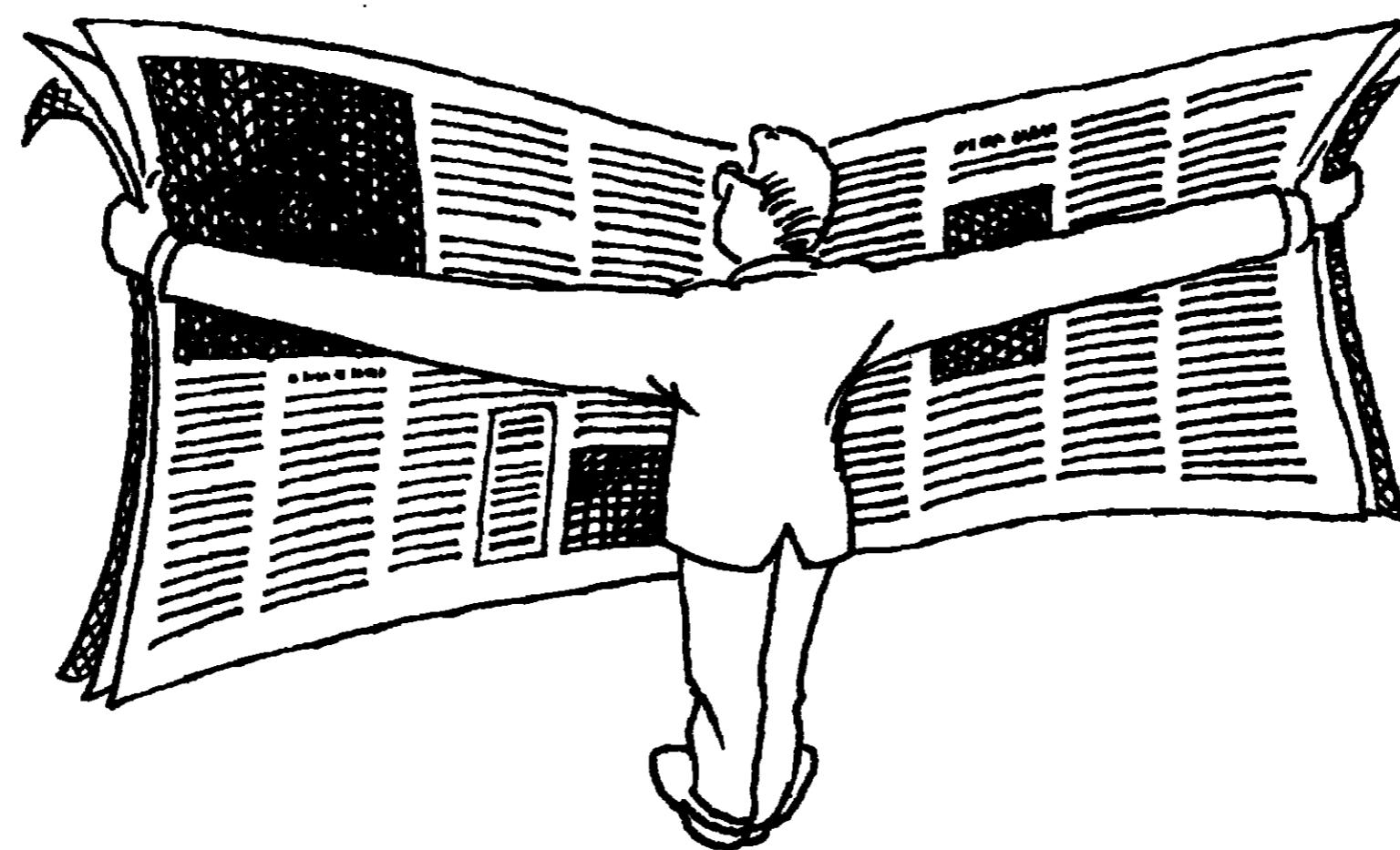
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TUESDAY JUNE 13 1995
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Labour yesterday stepped its
attempt to signal to the busi-
ness community that the
sides of industry will be as-
saulted on crucial policy areas
if the party wins the general
election. Kevin Box

Mr Tony Blair, the new
leader, told the AEEU ag-
neering union in Bla-
ther senior shadow minis-
ters will undertake a "big
programme of consultation
with managers and work-
ers in every part of the
country".

Mr Blair said the econ-
omy would be "as big and as
sound as it was" at the time
that preceded his party's abolition of the
Committee to meet the
deadline in April.

An aide said: "This
is intended to reassure business
that what we are formulating
policy we will be consider-
both sides of industry, and
just listening to trade
officials."

A rolling roadshow is
planned on Mr Blair's suc-
cessor of Labour branch
secretaries the reducting
Blair and will visit local
parts of chambers and regional
business groups.

The Labour team is
working on key issues
such as investment and reg-
ulation and set out the pro-
tection mechanism we
would end its accept-
the world's largest oil
company, Saudi Aramco's Maxine

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NEWS: UK

Factory-gate inflation at four-year high

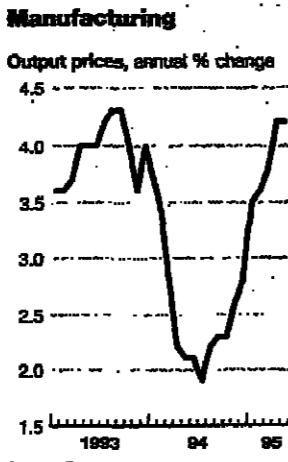
By Robert Chote,
Economics Correspondent

Industry's fuel and raw material costs recorded their smallest increase for seven months in April, but the underlying rate of factory-gate inflation reached its highest rate for nearly four years as manufacturers passed earlier cost increases on to their customers by raising prices.

Input prices - fuel and raw material costs - went up 0.2 per cent last month, after adjusting for the small increase which is typical for the time of year, according to the Central Statistical Office. This was the smallest rise since October and much weaker than the 1.5 per cent increase seen in the same month a year earlier.

Input prices climbed 10 per cent in the year to May, a slight fall from the peak 12.1 per cent increase seen in the year to January. The pace of increase has slackened in part because commodity markets have been relatively stable.

Fuel and crude oil price increases more than accounted for the total rise in input prices between April and May, with prices for metals and chemicals rising less significantly



Overseas investment growth leads the world

British investment in overseas projects grew by a fifth last year, figures from the Bank for International Settlements yesterday showed, written Gillian Tett in Basle.

This rate of growth, faster than any other large industrial country, left the UK the second largest overseas investor in the world.

Although domestic investment is barely higher than 1992 levels, the amount of money British companies have invested in overseas projects has doubled in the last three years.

The figures in the latest annual report from the Basle-based BIS are likely to deepen the debate about the willingness

of British companies to engage in long-term capital projects - and, in particular, the degree to which the UK is now viewed as an attractive investment site.

Although the UK corporate sector has been cash rich in recent months, domestic investment has been relatively slow to rise in this business cycle. Some economists have suggested that part of the reason for this lies in the degree to which UK companies are investing overseas.

The BIS said yesterday that UK overseas direct investment was estimated to be \$30bn (£19.1bn) last year, up from \$25.7bn in 1993. About half of these flows were reinvested earnings. The BIS's fig-

ures will be followed by official data from the Central Statistical Office later this year.

The level of UK investment was about half that of the US, the world's largest overseas investor, but considerably higher than Japan, which was a larger overseas investor than Britain between 1986 and 1991.

The BIS yesterday pointed out that the data did not fully reveal the investment activities of other European countries, partly because they have different accounting procedures. It provisionally estimated that the rest of Europe invested about \$80bn overseas last year.

and materials used in food manufacturing becoming cheaper. Fuel costs are lower now than they were a year ago.

Past input price increases continued to put pressure on manufacturers' profit margins, putting them under greater pressure to raise the prices they charge for their finished products. Manufacturers lifted their prices by 0.2 per cent in May, 4.2 per cent higher than a year earlier.

Excluding the food, drink, tobacco and petrol industries, manufacturers raised their prices by a seasonally adjusted 0.8 per cent in May. This was in line with City forecasts, but the CSO also raised its provisional estimates of the increases in the previous two months from 0.8 per cent to 4.0 per cent.

This meant the underlying rate of factory-gate inflation rose from 4.2 per cent in the year to April to an unexpected 4.5 per cent in the year to last month, the highest figure since July 1991. But this still understates the rate of increase over six months.

Martin Brookes, UK economist at Goldman Sachs, said: "This is consistent with underlying retail price inflation rising significantly above 3 per cent in the second half of this year." He said pressure for higher interest rates was therefore likely to remain.

The CSO said that prices were being raised most quickly in industries most exposed to raw-material cost increases. The paper, printing and publishing industry raised its prices by 0.9 per cent last month, following a rise of

nearly 16 per cent in raw-material costs over the past year. Economists at NatWest Markets said the industry was finding it difficult to meet demand for its products because capacity built up in the 1980s had been scrapped in the recession.

The acceleration in factory-gate inflation since the middle of last year is even more dramatic when the prices manufacturers charge each other for their output are considered, not just the prices they charge customers in other sectors.

Economists at ABN Amro,

the Dutch bank, calculate that this "gross" measure of output price inflation has accelerated to 5.4 per cent in the year to May, compared with the headline figure of 4.2 per cent.

Mr Eddie George, the Bank of England governor, said yesterday that the inflation outlook was "mixed". He may use the figures to push for higher base rates. Mr Kenneth Clarke, the chancellor, might argue there is not enough evidence that the pressure on costs and prices is feeding through to consumers.

Brave companies that claim their systems work

A rare public debate on internal controls has gained fresh urgency following the Barings debacle

The directors of Guinness, the distiller and brewer, deserve a prize for their annual report and accounts. There is widespread disagreement, however, over whether it should be for stupidity or bravery.

Their report for the year ending December 1994 contains a statement on the company's internal controls. A seemingly innocuous line tells shareholders that the directors "are satisfied that the group continues to have an effective system of internal controls".

The brewer is one of a handful of companies which this year have gone as far as saying in their report and accounts that their internal controls actually work. Hundreds of other companies have instead made blander statements - often on the advice of their auditors. Such caution reflects

the lessons provided by companies like Barings, the UK merchant bank, apparently brought down by a spectacular failure of control.

The issue comes to a head today when the Auditing Practices Board hosts a rare public debate on the issue. More than 100 interested parties are expected to join the forum at the Institute of Chartered Accountants in England and Wales (ICAEW) at their central London offices.

The controversy over internal controls began with the Cadbury Report of 1992, which recommended that "directors should make a statement in the report and accounts on the effectiveness of their system of internal financial controls". Many saw this as thinly veiled encouragement.

Mr Ian Plaistow, chairman of the APB, hopes that today's debate, and a discussion document published in April, will bring into the open problems which he believes make such statements potentially dangerous. Auditors do not want shareholders to expect too much from what they believe are often loosely worded assurances.

Mr Plaistow believes the debate could lead to alterna-

tives not to include a director's opinion.

While the big firms may be privately relaxed about such statements from directors of FTSE 100 companies, which have sophisticated internal control systems, many auditors suspect that smaller listed companies may often hide significant deficiencies in their systems.

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tives not to include a director's opinion.

While the big firms may be privately relaxed about such statements from directors of FTSE 100 companies, which have sophisticated internal control systems, many auditors suspect that smaller listed companies may often hide significant deficiencies in their systems.

Mr Gerry Acher, head of the audit faculty at the ICAEW, said: "To lead to a conclusion about the effectiveness of controls - let alone their future effectiveness - is not only naive but also damaging."

Auditors, he said, welcomed more guarded statements from their clients, like that from GrandMet, which says: "The group has an established system of internal control which the directors believe to be appropriate to the business."

Others see straightforward statements on internal controls as vital for the continued health of corporate governance.

Jim Kelly

Mirror joins cable race with Live TV

Live TV. Mirror Group's £30m television venture, yesterday became the third significant channel aimed at the cable market to launch in just over six months.

Described as "Britain's first national live cable exclusive channel", it went live at 6am to 90 per cent of the UK's 960,000 cable homes.

Progress has been slower than expected, because cable industry forecasts turned out to be 15 per cent too optimistic.

Mr Julian Ashton, managing director, conceded that advertising revenue had been "slow but is definitely building".

He said first market research suggests that after six months the channel is getting a weekly reach - those who watch sometime during a week - as good as Sky News after six years.

According to official viewing figures, Sky News has a weekly reach of more than 25

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real question is
how many of
them will be
advertising
after the initial
launch period

per cent in cable and satellite homes, giving Channel One a weekly audience of about 75,000.

There are plans to launch a new Channel One in the Bath-Bristol area and talks are under way for another on the Bradford Leeds cable networks.

SelectTV, the most modest of the three channels in terms of start-up costs, launched on June 1. The heart of the channel is 300 hours from the library of SelectTV, the independent producer responsible for programmes such as Birds Of A Feather, Lovejoy and Love Hurts.

SelectTV, which is believed to be getting around 22p per cable subscriber a month, said initial response from cable operators had been good.

Raymond Snoddy

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STATE PROPERTY AGENCY

Announcement

The State Property Agency announces the prolongation of the deadline (originally set for 19 July, 1995) of the open, one-round tender for the sale of the share packet with 59.95% ownership of the DUNAPACK Papir és Csomagolóny Rt. (Dunapack Paper and Packaging Materials Co.) with a nominal value of 2,997,430 thousand HUF.

The new deadline of submitting tenders is: 30th August, 1995 between 12 and 2 pm

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Otherwise the terms of the tender remain the same.

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TECHNOLOGY

Measure of female fertility

Nishimoto, a small Japanese machinery maker, claims to have friends where it counts - in the Vatican.

The company, based in Mie in central Japan, makes high-technology thermometers, which analyse a woman's temperature to predict her fertile status.

Kuni Nishimura, Nishimoto's president, has forged ties with Vatican officials and has presented his product, L Sophia, to the Pope. First contact was made between the two at the Natural Family Planning summit in 1992.

Nishimoto started to develop a computerised thermometer in 1980 after requests from Japanese gynaecologists with patients suffering from infertility. Following the completion of his first model 10 years later, Nishimura was introduced to a Catholic priest who recommended the product to the Vatican.

The thermometer - the size of a portable compact disc player - holds up to six months of data and predicts elevated levels of progesterone, ovulation and menstruation periods by analysing temperatures, thus predicting infertile and fertile periods. It frees the user from the daily chore of taking down her temperature on a graph by hand, and instead with a push of a button, a chart will appear on the liquid crystal display. Weighing 280g, the thermometer is portable.

While leading medical machinery makers, such as Omron, hold substantial market share in the domestic market for electronic thermometers, Nishimoto claims it is the country's first product with a computerised memory.

The product can be plugged into personal computers, and the company has eight patents on the machine.

One problem with the first model was its relatively high price of ¥32,000 (£235). After efforts to miniaturise the product and reduce the number of parts, Nishimoto produced a second model selling at ¥10,800.

Emiko Terazono

A US biotechnology company Millennium Pharmaceuticals in Cambridge, Massachusetts, a white-coated technician leans over a computer terminal which is searching for DNA sequence matches. It will take about two days for the computer to reassemble the DNA, compared with about six months if the task was done manually.

The tremendous acceleration in research time explains why computers are knee-deep at Millennium - nearly two terminals for every employee - and why they are being used so eagerly by the biotechnology industry in general.

Computers and biotechnology have joined hands and their marriage has given birth to a new field known as "bioinformatics", which many believe will be as important a development in drug discovery as the advent of biotechnology.

Drug companies are now rushing headlong into bioinformatics. Just one supplier, Perkin-Elmer, has sold \$400m (£270m) worth of computer equipment to the biotechnology and pharmaceutical industries over the past 12 months.

Some groups have already produced strong product candidates with the new technology. Bio-Numerik Pharmaceutical, of San Antonio, is currently testing an anti-cancer drug it developed using supercomputers. Agouron has developed anti-cancer and Aids treatment candidates based on computer research, and Arris Pharmaceuticals is working on an asthma drug it developed using bioinformatic techniques.

It may soon be possible to conduct nearly all pharmaceutical research (before animal and human testing) through a computer. This would replace the tedious trial and error process of traditional drug discovery. Pharmaceutical companies in the past would screen thousands of compounds in the hope of finding something that had an effect on a disease. Sometimes it worked; usually it did not. And even when a drug attacked an illness, it often caused so many side effects that the treatment was rendered useless.

"Experiments in the future will start and end at the computer terminal," predicts William Haseltine, chief executive of Human Genome Sciences, which is at the cutting edge of bioinformatics.

Critics point out that no drug whose discovery was largely based on computer work has yet come to market. Yet that may testify to the newness, rather than the efficiency or otherwise, of the technology.

"In seven or eight years, it is inconceivable that any significant number of drugs will come on stream that have not in some way been affected by bioinformatics technology," says Stephen Evans-Freke, chief executive officer of



Automated genetic sequencers for DNA analysis at work. "Experiments will start and end at the terminal," says one proponent

Hand in hand

The partnership of biotechnology and computers may change the face of research, writes Victoria Griffith

Sugen, a California biotechnology company.

Driving bioinformatics is the creation in recent years of vast genetic libraries. At the last count, the DNA sequences of some 100,000 human genes had been documented. The flood of information means that scientists can no longer conduct experiments with the information in their heads and a few notebooks. To take advantage of the new body of information, they need the rapid access to extensive amounts of data that only a computer can provide.

The break-down of life-forms into minute genetic formulae has turned drug discovery into a mathematical challenge. "Biology is now taking an equation, introducing a variable and predicting what will happen," says Haseltine. "And computers are good at mathematical relationships."

Scientists say the old rules of drug discovery have changed. Computers, they believe, can narrow the field to the extent that just a few dozen compounds are identified as likely to have an impact on the disease.

A cure for stomach cancer might be found in the following way: scientists would collect samples of stomach tissue from healthy and ill mice. The samples would be compared, via computer, to discover a

genetic mutant that might be responsible for the disease.

The scientist would then search for a match in the library of human genes, and the researcher would use a previously identified DNA sequence of the gene to predict the protein it would eventually build. This is what scientists refer to as the "target". They would screen only the compounds likely to have an impact on that particular protein. If the process went without a hitch, the scientist would soon be shouting "Eureka!"

Of course, weak links in the chain mean that the discovery process, even with the aid of computers, does not happen that smoothly. For one thing, not all genes have been mapped out, so the scientist may not find a good match to begin with.

Another problem is that although DNA sequencing indicates the basic components of the gene, it does not predict protein shape.

Some headway is being made in predicting the structure of proteins through computers, however. This month George Rose, a professor at the Johns Hopkins medical school in Baltimore, presented a new computer program, called Linus, to forecast the structure of proteins. Currently, Linus predicts the form of simple proteins only, but Rose believes that the program will eventually become more sophisticated.

Innovations such as Linus, as well as other factors, should fuel the use of bioinformatics in drug discovery during the next few years. The cost of computer technology is rapidly falling, allowing more companies to use the new techniques. Public gene libraries are also becoming more prolific, meaning that companies will be able to take increasing advantage of DNA sequences in the public domain.

Laboratory technicians may not be able to throw in their white coats yet. "It will be a long time before we are able to do everything on the computer," says Timothy Clark, associate director of bioinformatics at Millennium. "In the meantime, we'll see interplay between traditional chemistry and the computer terminal."

In spite of its limitations, the burgeoning use of computer technology seems set to have a profound and long-lasting impact on the pharmaceuticals and biotechnology industries. "It is when two major technologies are joined together that you get big leaps forward," says Kenneth Lee, a biotechnology analyst at Ernst & Young. "That's what's happening as computers join with biotechnology - you get this exciting new burst of activity."

Technically Speaking Canny scientist's pragmatism

By John Mulvey

Yesterday's appointment of Robert May as the UK government's chief scientific adviser prompts an appreciation of his predecessor, Bill Stewart. More properly known as Professor Sir William Stewart, this well-rounded and truly canny Scot with a love for his native Islay island home, has been chief scientist for the last five years.

As the country's scientist in the position of greatest influence on science and technology policy, how has he fared?

With experience of being a practising scientist he was always sensitive to the needs of scientists and engineers stretching to grasp the opportunities to advance knowledge - opportunities quickly seized by better-funded colleagues in other countries. But, as a pragmatist, he was equally aware of the imperatives of operating within a political culture that demands value to be readily measurable in terms of financial return. Balancing these largely irreconcilable long and short-term views of the purposes of the research base must have been a source of some anguish.

The surprise formation of the Office of Science and Technology after the 1992 election made the chief scientific adviser head of an office responsible both for the research councils (formerly within the Department of Education and Science) and for co-ordinating government-wide science and technology policy.

But a scientist in Whitehall is an outsider and, faced with fiercely defended departmental vested interests, has little hope of being effective unless his political masters have the will as well as the wish that he should succeed.

The start was not auspicious: the Department of Trade and Industry tried to carve a big slice out of the OST science budget. Although unsuccessful then, the DTI later achieved much of its aim by the back-door, reducing its support for research, and driving more scientists to seek grants from the Research Councils. As all departments have reduced

research funding, claims on the modest OST funds have increased. Stewart turned his enthusiasm and energy to driving the Technology Forecast exercise, which has brought hundreds of scientists and engineers from universities, government and industry together to speculate on the likely directions of scientific and technological advance, and to identify those areas that may have important marketable applications. He will not be there to see how this develops, but its success depends on how far the industry invests in the opportunities. The danger is the OST will try to "create wealth" by prescribing too narrowly the programmes for the research base, which has the prime purpose of advancing knowledge and creating scientists and engineers well-trained in research.

Stewart has earned the warm respect of the scientific community for the way he brought science and technology issues into the centre of government, an unusually difficult mission. As a scientist with a distinguished record of achievement, there was never a question of his devotion to achieving a healthy and vigorous research base. He has displayed a balanced view of research from the "blue skies" end of the spectrum to the most applied - an attribute crucial to someone in that position but not so common these days, when success often demands high-pressure dedication to a narrow specialisation.

Stewart has gone and we welcome Robert May. Also a distinguished scientist, his career has moved from theoretical physics to population biology, in which he has achieved world renown. But with the research councils now firmly in the domain of their director general, John Cadogan, what is left for the chief scientist unless it is to help forge a coherent government-wide policy? May will need effective backing from the prime minister if he is to succeed.

John Mulvey is executive secretary of Save British Science, a research lobby group.

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INVITES TO NEGOTIATE THE PURCHASE OF THE SHARES OF FABRYKA OKLADZIN CIERNYCH Spółka Akcyjna with the seat in Marki near Warsaw ("FOMAR" S.A.)

The Minister of Privatisation, acting on behalf of the State Treasury of the Republic of Poland, pursuant to Article 23 of the Act on Privatisation of State-Owned Enterprises of July 13, 1990 (Journal of Laws No. 51, item 298, with subsequent amendments) invites all interested parties to negotiate the purchase of a package constituting at least 10% of the share capital of the Company "FOMAR" S.A.

Pursuant to Article 24 of the Act on Privatisation of State-Owned Enterprises, the Minister of Privatisation will offer on preferential terms up to 20% of the shares of the Company to the staff employed in the state-owned Fabryka Okladzin Ciernych in Marki on the day of transformation of the enterprise into the Company.

Pursuant to Resolution of the Council of Ministers No. 86 of October 4, 1993, the State Treasury will retain 5% of shares of the Company as a property reserve of the State Treasury for the purpose of reprivatising.

"FOMAR" S.A. with the seat in Marki near Warsaw is a producer of friction linings e.g. drum lining, clutch facing, brake lining.

In order to record your interest and receive a copy of the Information Memorandum, please contact:

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tel: (48 2) 621 41 67

(48 2) 625 45 26

fax: (48 2) 628 58 35, (48 2) 625 45 96

The Information Memorandum will be made available (sent) to the interested parties upon receipt of a signed confidentiality agreement.

The initial offers for the purchase of the shares of the Company should be submitted to Business Analysts & Advisers Ltd Sp. z o.o. (to the above address) by July 11, 1995.

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LEGAL NOTICES

INSOLVENCY ACT 1986 UNIT TRUST ADVISORY SERVICES LIMITED STOCK TWO LIMITED SHAREHOLDERS OF LIMITED PROJECT MANAGEMENT SERVICES LIMITED

NOTICE IS HEREBY GIVEN pursuant to Section 94 of the Insolvency Act 1986 that a meeting of the creditors of the above company will be held at Kinsley House, 363-365 King Street, London EC1V 9BB on the 30 June 1995 at 10.30 am for the purpose of appointing a Liquidator if thought fit, of nominating a Liquidator and/or of appointing a Liquidation Committee. Any proxy to be received at the meeting must be lodged at Kinsley House, 363-365 King Street, London EC1V 9BB not later than 12 noon on the business day prior to the meeting. A statement of claim and a copy of the notice will be available for inspection at the office of the liquidator.

NOTICE IS ALSO given that for the purpose of valuing secured creditors must (unless they surrender their security) lodge a statement giving particulars of their security on the date when it was given and the date at which it was created.

A list of the names and addresses of the creditors of the above named company may be obtained at the office of the liquidator, Kinsley House, 363-365 King Street, London EC1V 9BB between the hours of 10.00 am and 4.00 pm on the two business days preceding the meeting.

Dated 20th June 1995 for and on behalf of

DCMRS Corporate Director Limited
a Director of Unit Trust Advisory Services Limited
Shareholders of Project Management Services Limited
W & M Directors
Corporate Director

Rule 2(10) NOTICE OF ADMINISTRATION ORDER (FOR NEWSPAPER OR LONDON GAZETTE)

NYCKELN FINANCE COMPANY LIMITED

(IN ADMINISTRATION AND SUBJECT TO A VOLUNTARY ARRANGEMENT)

Request for a copy of the Notice of Administration Order dated 25th June 1995.

(b) Insert date: Administration order made under Sections 7(5) and 13(2) to appoint Scott Barnes in place of Allianz Griffiths (deceased) (b) 19 May 1995 Maurice Charles Whithall (2) 1995 & Scott Barnes (n.c.22)

Joint Administrators: office holder (n.c.)

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INTERNATIONAL PEOPLE

Tanskanen to chair Okobank

rently vice president, general manager of Grow Automotive, promoted to president of the Grow Group's automotive division.

■ Brian C. Harding, chief executive of The Gemini Group, to senior vice-president, information systems at The Toronto Stock Exchange. John W. Carson, previously the TSE's director of market integrity, becomes vice-president, member and market regulation.

■ Grant Spencer, currently chief manager financial markets for the Reserve Bank of New Zealand, as treasurer for ANZ Banking Group (New Zealand), from mid-July.

■ Odd Engström, a former deputy prime minister of Sweden, as a non-executive director of Millenium International Cellular, which has cellular telephone interests in 19 countries.

■ Peter K. Hoffman, 46, currently group general manager, Braun North America, as senior vice-president, business management, for The Gillette Company's North Atlantic Group from October. He succeeds Robert P. Hanafee, Jr., who becomes president of Gillette's stationery products group.

■ Odile Stark, 47, chairman of German industrial group AGIV, joins BICC, UK cables and construction company, as a non-executive director.

■ Sir Charles Powell, former foreign affairs adviser to the British prime minister, as a director of Jardine Strategic Holdings.

■ Hartmut Ostrowski, 37, takes over as management chairman at Bertelsmann Distribution in July. Dr Hans-Joachim Herzog, 41, becomes deputy chairman, and will also be responsible for the media division. Rainer Gerdes, 52, will be managing director of the direct marketing division.

■ Michael O'Brien, previously managing director and chief financial officer, to president of GMAC Mortgage Corporation's retail mortgage operation.

■ Philippe Le Goff, 44, who joined Sanofi's research division in Paris in 1981, succeeds B.G. Crouch as president and chief executive of Sanofi Inc. Crouch, who held the post since 1983, has retired but continues as a consultant.

■ Andrew Taylor, 37, who joined McDonald's in 1979 as a management trainee, has become the first Briton to join the board of McDonald's Corporation, the US fast-food firm with more than 15,000 outlets in 78 countries.

■ Charles Eisenstein, 51, cur-

BUSINESS LAW

Vindication for ice-cream pair

With regard to the effect that the exclusive agreements had on competition, the Court said the Commission had been correct to conclude that the agreements were liable appreciably to affect competition and that they would contribute significantly to the partitioning of the market.

The second argument covered article

ARTS

A strong British presence in Venice

William Packer reports from the Biennale, which celebrates its centenary the year

With this its 46th multilingual jamboree of visual art, the Venice Biennale celebrates the centenary of its inception in 1895. The British have been heavily involved from the very first, only in 1920 failing to take part in peace time. It was not until 1930, however, that the British government took this major exercise in international cultural relations under its official wing. In 1938 the then newly-formed British Council took over the direct responsibility which it has continued to administer with remarkable distinction ever since.

In the years before 1914, participating nations began putting up their own pavilions in the gardens in which the Biennale is held to house their individual national contributions. The British presence has always been considerably enhanced by the pavilion we acquired from the Municipality of Venice in 1909. With its flight of steps leading up to its colonnaded terrace, this charming neo-classical building sits happily on the highest point of ground in Venice and commands one

of the principal avenues in the gardens. Lately restored and extended by the British Council, it is now as well set up as any of the pavilions.

In this, of all years, it was particularly important that the council should get its choice of artists to fill this, its flagship, absolutely right, and I have to confess that when I heard it was to be Leon Kossoff I had my doubts. This is not because of any doubts as to the quality of the work. He is one of the best painters now working in England. But it seemed to me that at nearly 70, he might reasonably have been shown at Venice long ago, and that in the hurly-burly of this particular Biennale, with all its high-tech and multi-media installation, and self-conscious engagement with the experimental and avant-garde, such deeply wrought and personal work, as Kossoff's unquestionably is, might simply disappear.

I am happy to say that I could not have been more wrong. By standing back from the Biennale with its transient values, Kossoff strikes a real blow for something more permanent.

For here there is no reliance on mere technology, with its easy theatrical frisson and self-important greed for space and material. With Kossoff we are back with the artist working directly with his material making his painting in direct relation and emotional response to the real and visible world. If that is old-fashioned, then I would there were more of it to be found at this, or any Biennale.

It is certainly hard to find any young artist promoted in such a context who is putting paint on canvas at all, let alone with such raw commitment, risk, and adventure. Kossoff has won no prize for that, but his work stands strong and independent within the great tradition of western expressionist painting. More than that, he emerges at last onto the international stage as an artist of true stature and authority, finally free of inevitable comparison with his peers on the so-called London School - Auerbach, Bacon, Freud, Kitaj.

This group, along with Hockney, indeed establishes a strong and central presence in the post-war section

of the show curated by Jean Clair at Fiat's Palazzo Grassi in the city itself, as part of the Biennale. It rejoices in the title of "Identity and Alterity - Figures of the Body 1885 to 1985" and engages with the multifarious ways in which modernism has dealt with the human figure. More of that in a further review, but the good news for the moment is that though included as an American artist, it is for his contribution within that historic British context that Ronald Kitaj has been awarded the Biennale's prize for painting. The four full length portrait figures shown were painted between 1976 and 1984, and are certainly among the very best he has done.

The British Council's other initiative for this Biennale has been to take over the Scuola di San Pasquale, close beside the church of San Francesco della Vigna, in order to present the young British artist who otherwise would have been included in the Biennale's own international *Aperto* for young artists, which this time was called off. Here there is no painting within the meaning of the act, but

lots of multi-media installation and projection, blood and guts, all well enough done and true to what young artists do these days. It goes collectively by the name of "General Release", and is certainly in accord with the spirit of the Biennale at large. "Great Deeds Against the Dead" by Dinos and Jake Chapman is a gruesome lifesize re-working in three dimensions in an image from Goya's etchings of the horrors of war, and "Sargassum" by Dalziel and Sculption, a large muzzle contrivance, shimmers prettily like a free-standing mass of water in the gloom. Elizabeth Wright has miniaturised the telephone directories of Venice, Milan and Rome and Douglas Gordon plays a video-tape of the treatment of an hysterical woman as it was practised 100 years ago. Most elegant of all is Cerith Wyn Evans' "Cleave" with bonsai trees back-lit by neon inscriptions - almost illuminating.

The Venice Biennale continues in the Giardini Pubblici and at other locations until October 15.



In the British pavilion: 'Christchurch Spitalfields; Summer', 1994 by Leon Kossoff

'The Wildman' at Aldeburgh

In grey, dank weather - the Suffolk kind that looks good on stage in *Peter Grimes* - the first weekend of this summer's Aldeburgh Festival was reassuringly lively indoors. We had a new opera by Nicola Lefanu, *The Wildman*, a large and splendid concert by the BBC Symphony and a brilliant little one by the London Sinfonietta. Both of those last featured pieces by the still-young Finn Magnus Lindberg which verify his soaring reputation; and a chamber concert celebrated the 60th birthday of Nicholas Maw, whose mature rank among the best British com-

David Murray
reviews the
opening events
at the festival

posers is obscured here only by his having moved off to America.

When Ms Lefanu was commissioned to write an opera for Aldeburgh, she again took Kevin Crossley-Holland as librettist (they collaborated on a children's opera in 1990). They hit upon a bit of history from neighbouring Orford, chronicled eight centuries ago by a Cistercian monk. Local fishermen drew up in their nets a wild man, perhaps an aquatic "woodwose", who could neither speak nor recognise Christian symbols even under torture. Unsure of what kind of mortal he might be, they kept him for a while before he escaped to the sea; later he returned for a couple of months, but they found him repulsive, and soon he swam away forever.

In filling out this intriguing fragment, Lefanu and her librettist have turned it into something modern and familiar. The Wildman becomes the mysterious outsider who disturbs and attracts, sometimes liberates, the respectable folk he encounters - in the fashion of Paul Newman in *Picnic*, or Terence Stamp in Pasolini's *Teorema*. Here there are dis-

tributed scenes of torture and

gratuitous violence, but the



Gwion Thomas and Stephen Richardson in 'The Wildman' by Nicola Lefanu

was hugely bracing to hear: chock-block with determined invention, its grand plan informed by a Sibelian instinct for unwinking progress toward a resounding destination. Toweringly loud, too - but the Snape Maltings acoustic accommodated it without pain.

The longest work in that

concert was Britten's *Spring*

Symphony, in which Knussen

outdid himself. He revelled in unerring electrical detail, and long-breathed spans that one

had hardly guessed at before.

The fervent soloists were Valdine Anderson, Mary King and above all the remarkable young tenor Ian Bostridge, and the London Symphony Chorus made an unfailingly vital impact. Only the Wenhamston Boys' Choir let the side down slightly, tame and timorous where Britten expected rau-

cous colour.

Under Markus Stenz the next

day, the Sinfonietta repeated

their virtuous account of Lind-

berg's *Corrente*, loops upon

cogent loops of swirling musi-

cal patterns, galloping in calcu-

lated steps toward a sharp QED close. The pianist Rex Lawson took turns with them to deliver five of Coloum Narrows' extraordinary player-piano studies, alternately in their original black-and-white dress and in Ivar Mikkelson's tangy arrangements. In the retrospective Maw concert, the Sorrel Quartet's limpid revival last week: nowdays, Maw's buoyant lyrical gift seems more treasurable than ever.

What makes guitarist Pat Metheny so successful? The 49-year-old Kansas City born American is something of a jazz conundrum. On one hand his style draws heavily on the spiky music of Ornette Coleman, the saxophonist whose playing foretold the arrival of the avant-garde. On the other, he bows up to the influences of Stravinsky, The Beatles and Herbie Hancock. Metheny's writing, a confection of American folk, latin and blues, is sweetly romantic, sometimes to the limits of taste.

This strange recipe has attracted to Metheny a large and devoted audience. His records, including the current album *We Live Here* (Geffen

GED 24729), sell in large quantities. What people see in this tousled-haired, denim-clad boy-next-door type was plain at Saturday's Cambridge Corn Exchange show.

First, Metheny can play the piano off everyone and can oblige on every kind of guitar: acoustic, semi-acoustic, electric and synth axe. Second, his six piece band is supremely well rehearsed and, like the light show, are blindingly precise.

What tops it for Metheny fans, however, is that his music and attitude is so damn optimistic.

Metheny has always been

master of slickly executed goo.

Now the heart-on-the-sleeve,

relentlessly elevating themes

of his songs have been set

against heavy electronic drum

patterns and *dah-doo-waay*.

Opera at Glyndebourne/Richard Fairman

La clemenza di Tito

It took Glyndebourne more than half a century to bring Mozart's *La clemenza di Tito* into its repertory. The production was the last to be mounted in the old opera-house and so might be said to rest on the foundations of the Mozart tradition for which Glyndebourne has always been famed - but it has much of the new style of the 1990s about it, too.

There were some striking new sounds to be heard at this revival within minutes of the lights going down. Raucous horns, incisive trumpets and drums cut through the orchestral ensemble in the Overture. Although Glyndebourne is not using its period orchestra for this opera, the conductor Mark Elder has given the warm blend of the London Philharmonic a cutting edge by employing natural trumpets, horns and timpani.

It does make a difference.

The Overture started the evening with a kick that sent the opera spinning towards its dramatic goal. Elder seems to have found extra energy since he left English National Opera and many of his speeds were on the fast side, adding to the feel that this was a period per-

Jazz/Garry Booth

Metheny plays to the crowd

What makes guitarist Pat Metheny so successful? The 49-year-old Kansas City born American is something of a jazz conundrum. On one hand his style draws heavily on the spiky music of Ornette Coleman, the saxophonist whose playing foretold the arrival of the avant-garde. On the other, he bows up to the influences of Stravinsky, The Beatles and Herbie Hancock. Metheny's writing, a confection of American folk, latin and blues, is sweetly romantic, sometimes to the limits of taste.

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RADIO SYMPHONY ORCHEST

Europa: Michael Stürmer

The need for a grand design

Redrawing the map of Europe was never going to be a simple, cost-free or safe process. Yet the speed of events since the fall of the Berlin Wall raises important questions about the west's strategy for dealing with the former Soviet bloc.

The resulting fragmentation of central and eastern Europe cannot be regarded as the final verdict of history - by the west, Russia or the nations coming in from the cold. The new situation is fraught with rivalry, misunderstanding and distrust, and there remains a danger of the cold peace turning into a new cold war.

The Russian leaders and their advisers say they are in favour of the closer integration involved in creating the European Union - which includes a strengthening of the Western European Union (WEU) as its defence pillar. At the same time, however, Moscow fulminates against plans to expand Nato to eastern Europe.

The Poles, Czechs and Hungarians see the Nato alliance as their first chance in life to be allied with the US and to find themselves on the side of the stronger battalions. But it is probably too much to hope that the Russians will see Nato membership for such countries as beneficial.

Moscow probably understands that the economic and social stabilisation of their neighbours offers them tangible advantages. They may even feel that the WEU might give those countries some reassurance that they are not alone when the going gets tough.

But it is not clear that the Russians appreciate the intimate connection between the WEU and Nato. Through their overlapping membership and mutual security guarantees, WEU members are in practice covered by the Nato defence umbrella.

Or perhaps the Russians want to make Nato hollow by encouraging a wider membership of the WEU. That would mean either back-door entry into Nato and dramatic overstretching of the Atlantic alliance, or a dangerous rupture between the WEU and Nato. If the Russians have some-



Flashpoint in history: the Berlin wall fall in November 1989

thing resembling a grand strategy in this, the west needs its own grand design. This would mean giving up the present fragmented and piecemeal approach and proposing a package deal that would offer the Kremlin a more stable security environment.

One part of that package - the widening of the European Union - is less controversial with the Russians than it is in western Europe. However, the expansion of Nato to the east is a real problem for the Russians. It is in the west's interest to make the next result of both processes congruent in the final stage - that is, some time in the next decade.

Some, especially in the US strategic community, have argued that now is time to move forward, while Russia is weak. For those with a long memory, this has a whiff of the Treaty of Versailles imposed on Germany at the end of the first world war, with all the attendant bitterness and subsequent efforts to overturn it. It would not be a wise precedent to follow.

The Russians are not entitled to a veto. But to disregard the fears and aspirations - call it even paranoia - of a country in possession of between 20,000 and 35,000 nuclear warheads is not prudent policy.

A *droit de regard* should be accepted, and, given Russia's size, location, interests and potential to cause trouble, even given some organisational form. The "partnership for peace" proposed by Nato is not enough.

For the last two years, the Russians have indicated that they might break out of the treaty limiting Conventional Forces in Europe (CFE) if not timely revision was agreed upon. The west refused to reconsider, and the Russians have openly declared non-compliance, as a consequence of their military action in Chechnya. It is now more difficult to demand a price for change, but perhaps not too late.

Moreover, it should be stated at an early stage what EU and Nato expansion mean - which countries would be covered

and which not. A dialogue between Nato and Russia - "Sixteen plus One" - offers some diplomatic charms as long as Nato drives the agenda and steers clear of any kind of Russian veto.

The most likely cause of conflict between Russia and the west is Ukraine. So far, the Russians have behaved in a civilised, even helpful manner, towards Ukraine but Moscow cannot stand by with folded arms if Ukraine appears to be drifting out of its sphere of influence. One way to save the essence of Ukrainian statehood, sovereignty and independence would be to encourage and support some sort of east European economic community.

As far as the Baltic republics are concerned, it would be far-fetched to bring them into Nato's fold, not least for reasons of history, geopolitical strategy and credibility. While they should be given every sign of friendship, this should stop short of full membership of the EU, because of its implications for the WEU.

With Russia, a dual strategy of co-operation and competition is of the essence. It should not be diverted by the present swings between confessions of friendship for Russia's masters and moral condemnation of their actions. A great power such as Russia has no permanent friends, only permanent interests.

It should not be forgotten that Nato countries and Russia have much of the strategic agenda in common, such as the non-proliferation of nuclear weapons and stopping the spread of missile technology. They also share a growing concern over what has been termed a "clash of civilisations" with the Islamic world which reaches closer to Russia than to the Europeans, let alone the US.

It is impossible to offer the Russians membership of the EU or Nato. But there is no need to create a situation that threatens to overstretch the west and also runs the danger of losing Russia.

The author is director of Stiftung Wissenschaft und Politik, the German foreign affairs and defence policy institute.

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LETTERS TO THE EDITOR

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We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax to "fine"). Translation may be available for letters written in the main international languages.

Realities of the global marketplace

From Mr Christopher Pate.

Sir, Robert Taylor misses the point when he downplays the importance of international labour migration ("Myth and reality of labour in a global economy", June 9).

Technological developments and the erosion of trade barriers allow industries such as printing to operate on a global basis. Text inputting, graphics and printing itself can be carried out wherever in the world that the optimal combination of low wage costs and product quality obtain, no matter where the market is.

Workers no longer need to move from country to country to undercut each other. The thousands of printing workers in southern China producing books and catalogues for western markets earn a tiny fraction of the wages in industrialised countries, work twice the hours in the most hazardous of conditions, and are banned from forming trade unions.

The global economy is a reality. Employers or trade unions which continue to think in predominantly national terms belong in the museum. What international trade union organisations such as the IGF oppose are short-sighted attempts to profit from the price labour exploited by repressive regimes such as those in China and Indonesia.

We may not be as rich, but we are just as serious players in the global marketplace as the transnational media giants. Christopher Pate,
International Graphical
Federation,
Rue des Fribours 17,
Galerie du Centre - Bloc 2,
B-1000, Brussels, Belgium

Confusion on Bosnia

From Mr Y. Kovach.

Sir, Allowing the Serbs a free run would, according to Joe Rogaly ("The lion's distant roar", June 3), send a wrong message to the neighbouring states whose borders could be challenged on ethnic grounds.

This is to confuse a long established frontier, such as the one between Serbia and Albania dating back to 1912, with internal administrative lines defining federal units.

Moreover, the first sentence of the preamble to the 1974 constitution of the former Yugoslavia granted the right of self-determination to its constituent nations rather than federal units. The EU knew better, decreeing that each of Yugoslavia's federal units would have the right to secede on the basis of a referendum. And yet it is received European wisdom that a referendum is too crude a device for resolving the ethnic problems of Belgium and Ulster.

Y. Kovach,
38 Lebanon Park,
Twickenham,
Middlesex TW1 3DG, UK

Character is missing

From Mr M.T. Lee.

Sir, Re Observer's "Clarion call at Sandor" (June 8) and the current fashion for made-up names, companies with names like Clariant, Zeneca and Cordiant are probably the unfortunate victims of (a) advice from "naming" consultants and/or (b) a decision taken - or worse, mangled - by committee. While such names may be capable of being registered, protected and easily pronounced, the lack of one essential ingredient, character and personality.

The names Apple, Sony and Virgin would never, I wager, have seen the light of day if their founders had depended on either a or b above. When Charles and Maurice, the masters of promotion and communication, founded their company, they simply called it Saatchi & Saatchi. Would Martin Sorrell's Wire and Plastics Products have just become WPP if he had been advised by one of the corporate identity consultancies the company owns?

More important, would an alternative made-up name, no doubt with allusions to dynamism, empowerment, creativity, etc, have been any better? As for having names which are easy to pronounce, Mercedes Benz and Volvo continue to sell well in Asia despite the apparent difficulties of pronunciation; among Chinese speakers in Hong Kong, they are referred to as "Benz-ze" and "Wow" respectively.

Lee Mun Tuck,
21 Thames Reach,
Rainville Road,
London W6 9HS, UK

Myth of monetary sovereignty and of UK's future in Europe without monetary union

From Mr Christopher Johnson.

Sir, Martin Wolf ("On monetary sovereignty", June 12) proves to his own satisfaction that monetary sovereignty is not a myth because for it to be mythical "a monetary authority either must be incapable of altering policy or will have no impact on real economic variables, if it does. Each proposition is mistaken".

Monetary sovereignty surely consists not just in being able to alter monetary policy, but in being able to achieve specific objectives by doing so. A country may have monetary sovereignty over its interest rates, but in a system of free capital movements the foreign exchange markets have sovereignty over its exchange rates.

Since monetary conditions are set by both interest rates and exchange rates, no country can have sovereignty over its monetary conditions in such a system.

In one example quoted by Wolf, the UK was able, after its departure from the exchange rate mechanism in September 1992, to cut interest rates, and the markets lowered the pound's exchange rate against the D-Mark to a level now 25 per cent below the DM's ERM central entry rate.

Thanks to spare capacity in the economy, there were minimal inflationary consequences, and a real devaluation resulted, with favourable effects on British exports. The British monetary authorities could hardly believe their luck, and the economic analysts were just about able to explain it as a special case, unlikely to be repeatable. It is fanciful to describe this as an exercise of monetary sovereignty, in the sense of a set of considered policy changes aimed at specific objectives successfully achieved.

Christopher Johnson,
UK adviser,
Association for the Monetary
Union of Europe,
29 Wood Lane,
London NW6 5UD, UK

From Mr Stephen Gosschalk.

Sir, Tim Melville-Ross's proposal ("Personal View", June 7) that an opt-out of European monetary union is in the best interests of the UK rests on insecure foundations. Yes, if a British government had followed a "sensible and credible" domestic monetary policy at any time for the last 40 years. Yes, if the UK left the EU completely and so was outside the reach of the investment services directive, the banking directives, the directive on insider dealing, etc. Yes, if the UK had a "low taxation and light regulation" environment.

Unfortunately, none of these holds true and looks unlikely on any past experience. Therefore the haven of an Emu looks extremely attractive from the perspective of Britain's political monetary policy, regulated financial services sector, rising tax burden and roller coaster economic performance.

Stephen Gosschalk,
41 Meadoway,
London NW11 7AX, UK

From Mr Walter Grey.

Sir, Mr Tim Melville-Ross, in a powerful presentation of the case against Britain's participation in a single European currency, raised one fundamental question while omitting to address another.

The fundamental question he is raised is whether, as he asserted, "the benefits of low inflation" - and hence, at long

last, of sustained, non-cyclical economic growth - could still be achieved by pursuing a sensible and credible domestic monetary policy". In theory, they doubtless could be, the same stability-oriented economic (including fiscal) management being required for permanently low inflation in one country as in a group of like-minded ones bound together in a monetary/currency union.

Britain's financial services industry is Europe's market leader. A single market in banking, insurance and investment comes only with a single currency.

If we want the Bank of England to play New York Fed

monetary union: in comparison with the inspiring prospect of a currency whose stability is for the first time placed beyond the reach of political interference, the objections raised by Mr Melville-Ross subside into insignificance.

Charles Young,
director of research,
LMC Automotive Services,
14-16 George Street,
Oxford OX1 2AF, UK

From Lord Cobbold.

Sir, The City must challenge the Institute of Directors' advice to opt out of European monetary union.

Britain's financial services industry is Europe's market leader. A single market in banking, insurance and investment comes only with a single currency.

If we want the Bank of England to play New York Fed



to Frankfurt's Federal Reserve Board and the London Stock Exchange to be Europe's Big Board, we must be in there from the beginning.

As for former chancellor Norman Lamont's superstar, there is no question of the UK ceasing to be a sovereign power. It would always be possible in extremes to withdraw from the monetary union.

Christopher Johnson,
UK adviser,
Association for the Monetary
Union of Europe,
29 Wood Lane,
London NW6 5UD, UK

From Mr Charles Young.

Sir, What innocent optimism is revealed by Tim Melville-Ross when he writes in his discussion of the case against monetary union ("Personal View", June 7) that "the benefits of low inflation could still be achieved by pursuing a sensible and credible domestic monetary policy", without saying any more about what this would entail.

If one were to analyse in more detail what would be required to make monetary policy credible, one might conclude that a necessary condition is to emulate countries with independent central banks, and remove from politicians the power to create inflation when politically expedient. This power is euphemistically referred to as "monetary sovereignty" by politicians reluctant to relinquish it (a group which, significantly, includes those who have recently suggested that a bout of house price inflation would be politically desirable for the Conservatives).

If, furthermore, one were to ask how genuine independence of monetary policy could be achieved in a country as politically centralised as the UK, one would probably conclude that it would require a supranational system, which realistically will be available only within a European framework. This is the core of the case for

No control on information

From Mr Charles Cawley.

Sir, The article "The prize that lies in foresees the future" (June 5), by Professor Gary Hamel of the London Business School, emphasised the need for business to recognise the machine to the information age. Although covering the subject at length and in many different aspects, he appeared to miss out one most serious problem: the current lack of control of information flows in the company.

By coincidence a Mori poll survey commissioned by Security Gazette, published at about the same time, revealed fraud by middle managers was "rife", costing British industry as much as 5 per cent of turnover. Contrasted with R&D spending levels, these figures give grave cause for concern.

Prof Hamel did not go as far as pinning down the key area of weakness: the command structure. The command structure gives control freaks the power to taint and stop information from flowing upwards. Thus information which is company property, is frequently damaged, stolen or hidden. The facility to blackmail juniors into silence is built into its formal definition.

It is urgent that business recognises information as property and its life blood. The command and control structure does not act to control information flow and leaves businesses open to wholesale information theft and the covering up of the results of fraud and incompetence. For the information age, this is the equivalent of engines running amok in the machine age.

Charles Cawley,
30 Great Sutton Street,
London EC1V 0DU, UK

Statutory recording

From Mr Grant R. McKenzie.

Sir, Roger Taylor's article "Investment company taping systems 'waste of money'" (June 8) highlights the serious problem of the failure of investment companies properly to record telephone conversations with customers and to retain the recordings for reasonable periods, but does not mention any recommendation made by the investment ombudsman in this connection.

In my opinion, there should be statutory requirements (not merely a rule of the Stock Exchange) for all investment management companies to record all telephone discussions with customers and to retain the recordings for reasonable periods of time. This would be a welcome addition to the existing rules of the Investment Company Directive, which, I believe, is designed to protect investors from the well-known practices of some investment companies, such as the use of "frontloading" - an investment company's practice of delaying the recording of telephone conversations until after the customer has left. There has been a recent proposal for a "customer protection fund" to be established by the Investment Company Directive, which would be used to compensate investors for losses suffered as a result of the investment company's failure to record telephone conversations. This would be a welcome addition to the existing rules of the Investment Company Directive, which would be used to compensate investors for losses suffered as a result of the investment company's failure to record telephone conversations.

FINANCIAL TIMES

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Tuesday June 13 1995

Fears of a slowdown

Take millions of individually sensible people, put them together in a financial market and what do you get? A certain excitability.

Not so very long ago, markets feared some economies were growing too fast; now they fear recessions. This fear ought to prove exaggerated, not just because the evidence is still thin, but because policy-makers are in an excellent position to reverse any sustained economic slowdown.

True, global growth does seem to have slowed sharply in the first half of this year. Economists at Goldman Sachs even believe growth of manufacturing output in the five major industrial economies will prove negative in the second quarter of this year and suggest this may also prove true of GDP. They are particularly pessimistic about the US and Japanese economies. Worriers should remember, however, that annualised quarterly growth rates are notoriously unstable.

An obvious explanation for lower growth is the US monetary tightening of last year. Additional forces would be currency instability, particularly the appreciation of the yen against the dollar and the depreciations of several European currencies against the D-mark; the debt problems of the Japanese banks; and the contractionary macroeconomic policies of several European economies, including the UK, Italy and Spain.

The Federal Reserve itself should not be too worried, provided the US slowdown does not prove excessive. One reason this is unlikely is that US 10-year interest

rates have fallen back to 6.4 per cent, after rising from 5.2 per cent in October 1993 to 8 per cent in November 1994.

Nevertheless, some policy changes are desirable above all in Japan. Since asset prices continue to fall, Japanese banks will find it virtually impossible to trade their way out of their bad debts, currently estimated at ¥40,000bn (US\$45bn). The real exchange rate of the yen also appreciated almost 15 per cent between January and April of this year. In response, there has been some easing of Japanese monetary policy, while yields on 10-year bonds are down to 3 per cent. But Japanese fiscal and monetary action remains much too little, far too late.

The case for further monetary easing in Germany, where inflation is low and broad money has not grown since April of last year, also looks increasingly strong. Such action would reduce strains on European exchange rates and stimulate appreciation of the floating peripheral currencies against those in the core. To the French this would be manna from heaven.

The growth of market economies normally needs to be hit very hard if it is to be stopped. The cheering fact is that there is now no reason to do so. Monetary growth is modest almost everywhere, while consumer price inflation is running at an annual rate of only 2.5 per cent in the group of seven leading industrial countries. There may well be no sustained slowdown. If there is, there can be no obstacle – bar folly – to decisive offsetting action.

Italian anomalies

Sunday's Italian referendum was rather like one of those questions which appear in logic examinations: is the proposition that "this statement is untrue" true or false? Silvio Berlusconi's opponents urged the voters to limit television ownership, on the grounds that too high a concentration gives the owner too big an opportunity to influence voter behaviour. Mr Berlusconi himself quite shamelessly used his three television channels to urge the opposite, suggesting that a yes vote would drive the most popular programmes off the air, and ignoring instructions from the media watchdog commission to give his opponents right of reply. By voting as he asked them to do, or in the case of 43 per cent of them by not bothering to vote at all, the majority of voters may be thought to have justified his opponents' fears.

The issue is one that affects all modern democracies. In Italy it has been dramatised by Mr Berlusconi's success last year in turning himself overnight into a politician, and using his media power to propel himself into the country's highest political office, which gave him control of the state television network (RAI) as well. He proved less skilful in managing a parliamentary coalition than he had been in managing public opinion, with the result that he is now out of office again. His success on Sunday may help him to return to power by forcing early elections. Another referendum held at the same time showed a narrow majority in favour of privatising

the RAI, so that in theory Mr Berlusconi would be free to buy that too.

In practice the effects of the referendum are much less clear. Formally their object – the only one for which the Italian constitution allows them – was to abrogate laws already on the statute book.

The 1990 law on media ownership, which the people have now refused to abrogate, will none the less have to be changed because it had already been declared invalid by the constitutional court, the ultimate arbiter in such matters unless the constitution itself is amended. Similarly the vote for privatisation formally abrogated the provisions in the existing law which define the RAI's present state ownership. It will be up to parliament to make new provisions.

The 1990 law, which assigned three channels to the state and three to Mr Berlusconi's Fininvest conglomerate, was arbitrary and wrong from the outset. Mr Berlusconi made things worse last year by refusing to recognise the conflict between his business interests and his political responsibilities. His efforts to resolve the conflict had to be extorted from him by public pressure, and were clearly not convincing. Now his apparent victory in the referendum has made an already anomalous situation even more so. But by highlighting the dangers of unregulated media ownership, it may have done other democracies a back-handed favour.

Until late last year, Mexico and

In a sudden change of heart, Lotus Development agreed over the weekend to be acquired by International Business Machines for \$3.5bn in cash. The deal represents a bold attempt to establish a new powerhouse in the software industry to challenge Microsoft, the world's largest software company.

The deal was sealed on Sunday, just six days after IBM launched its hostile \$60-a-share bid for Lotus. The rapid capitulation of Mr Jim Manzi, Lotus chairman and chief executive, who had rebuffed IBM's earlier attempts to discuss a possible business combination was, however, surprising.

It appears that Mr Manzi determined quickly that alternative bids for Lotus were unlikely to emerge. Last Tuesday evening, just a day after IBM launched its hostile bid, he established the outline of a merger agreement over dinner at the New York apartment of Mr Lou Gerstner, IBM chairman and chief executive.

"When I started thinking about this, and realised that this was an incredibly great strategic move for IBM to acquire Lotus, I knew that there would be some tremendous benefits that would unfold if we were able to get it done," said Mr Manzi, who has agreed to stay on at Lotus as chief executive.

In marathon negotiations over the next few days, the companies agreed to a slightly sweetened \$64 a share price, with assurances that Lotus would retain a degree of autonomy as an IBM subsidiary. Achieving an agreed merger was critical for IBM in its quest to acquire Lotus because, without the support of its top developers, the software company's most important assets might have "gone down the elevator", as Mr Gerstner put it.

Making the Lotus acquisition a success will, however, be a test of Mr Gerstner's leadership at IBM. Coming two years after he joined the computer company, it is his most visible strategic move to date aimed at putting IBM back on a growth path.

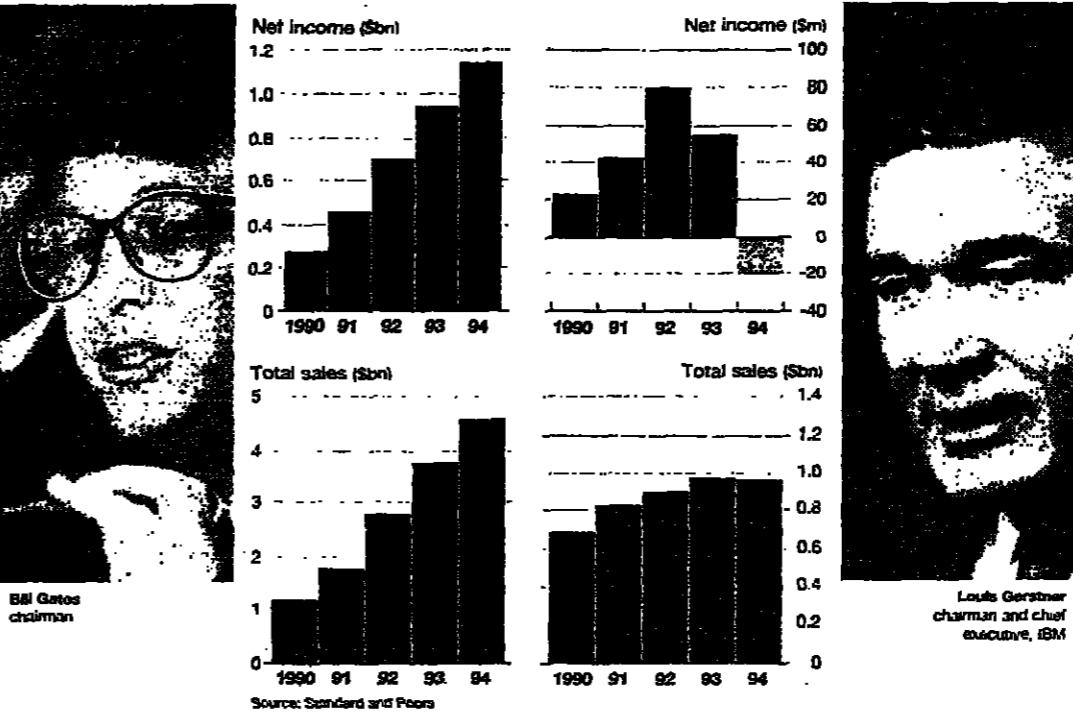
Although IBM has made a strong comeback over the past year, reversing heavy losses, the recovery has been largely due to heavy cost cutting and an unexpected revival in the market for mainframe computers. The company believes that the Lotus acquisition could enable it to seize leadership in software for network computing – one of the strategic imperatives identified by Mr Gerstner last year as critical to IBM's future.

Lotus holds the key to this new era of computing, IBM believes, in its Lotus Notes "groupware" product which enables teams of people to collaborate via computer networks, exchanging messages, co-ordinating activities

IBM gambles on growth platform

The Lotus deal may be a last chance to counter Microsoft's domination in software, says Louise Kehoe

Software struggle: Microsoft pulls ahead as Lotus falters



Source: Standard & Poor's

Bill Gates chairman

Lou Gerstner chairman and chief executive, IBM

A cottage industry of hundreds of programmers creating Notes applications and helping companies to use it on their networks has grown up over the past few years. Input predicts that total revenues from Notes, including related services, could top \$4bn by 1995.

IBM's dream is to establish Notes as a ubiquitous software "platform" for network computing, usurping the role of Windows, Microsoft's operating system programme for desktop personal computers.

For some years, IBM has been fighting a losing battle to establish its OS/2 Warp as an alternative to Windows. Now IBM aims to "take the strategic high-ground – control of not just the desktop but also the network," says Mr David Coleman, editor of GroupTalk, a newsletter on groupware computing.

Yet Microsoft will not be easily outflanked. This summer, the software industry leader is planning to launch Windows 95, a new version

of Windows (though this may be delayed by an anti-trust action by the US Justice department). Later this year, it is expected to introduce a programme called Exchange that will be a direct competitor to Lotus Notes. Microsoft is expected to incorporate the software needed to use Exchange in Windows 95.

Moreover, Microsoft is pushing into the network market with Windows NT, a version of Windows designed for use on networks in what is perhaps Microsoft's greatest threat to IBM. Lotus Notes also faces heavy competition from developer software used on the World Wide Web, the part of the Internet used for business communications.

In addition to bringing Notes, the Lotus acquisition could give IBM another chance in the lucrative market where it has so far failed to make any impression. About 65 per cent of Lotus's 1994 revenues of \$970m came from sales of PC

programmes including the latest version of Lotus 1-2-3, its flagship spreadsheet.

However, sales of Lotus applications have been declining in the face of stiff competition from Microsoft.

Industry observers believe that Lotus and IBM will complement one another and become a far more powerful force in the software market following the merger. IBM might, for example, install Lotus Notes on all the PCs it sells. Mr Gerstner has hinted. The company's worldwide sales force is also available to boost Lotus sales to corporate customers.

"Together, under the IBM umbrella, the combination will capture more businesses and market share than separately, although it will take some time for them to demonstrate the synergy and get deployed selling and installing systems," says Ms Mary Pat McCarthy, national director of software at the consulting arm of KPMG, the accountants.

The biggest challenges facing IBM as it moves forward with the merger will be cultural, observers predict. Lotus is known for its free-wheeling culture whereas IBM is notorious for its bureaucracy.

IBM should "keep its hands off Lotus and allow the absorption to occur slowly," says Mr Coleman of GroupTalk.

Already, Mr Gerstner has indicated that he will look to Mr Manzi for strategic advice and that Lotus will become the core of IBM's groupware activities. He has already provided a unique perspective on what is ahead for IBM and Lotus as they complete their merger in an interview in April, apparently before he had made a decision to seek to acquire Lotus.

"I have done a lot of acquisitions in my career," Mr Gerstner said then. "It always looks easy... but an acquisition doesn't begin until after you have paid the money and all the stories have been written. Then you have to deal with how do you integrate the companies and the cultures? How do you keep people happy who have suddenly become very rich [from the purchase of their shareholdings]?"

Acquisitions in the computer industry are a "high risk strategy," said Mr Gerstner. "I am not afraid to do acquisitions, but I have seen too many that simply don't produce shareholder value."

Yet for IBM, the risks of acquiring Lotus appear to be worth taking. This may be IBM's last chance to counter effectively Microsoft's growing domination – not only of desktop computing software, but also of software for the next generation of computer networks.

Monetary virtue leads two-peso tussle

Which is better, a fixed exchange rate or a flexible one? No question in economics has been debated more fiercely or more inconclusively. The reason is that neither system is without its flaws, and nobody has been able to quantify the trade-off.

Nor usually, is history much of a guide, because one never sees a controlled experiment: if the world economy was more stable during the fixed-rate era from 1950 to 1973 than during the floating-rate era that followed, who is to say that the instability did not originate in the real economy and spread to exchange rates, rather than the other way around?

Over the past six months, however, we have seen what looks like an unusually clear-cut test between fixed and floating rates in Latin America. On the face of it, a rigid commitment to a fixed rate has won down. But the test is not over yet; a come-from-behind victory for floating rates is still a possibility.

Until late last year, Mexico and

Argentina were often discussed by economic analysts in the same breath. After seven lean years of debt crisis, both had emerged through a combination of market-oriented reforms and an abrupt return to the favour of international capital markets. Both had brought down inflation, largely through the use of a strong peso as a signal of their commitment to price stability.

And both had resumed growth after years of stagnation.

The difference between the two nations' economic policies, it seemed, was a matter of detail. Mexico had followed a strong peso policy, but without committing itself to a fixed exchange rate. Argentina, on the other hand, had tied itself to the peso with a policy borrowed from the colonial past: not only was the government constitutionally committed to a one-peso-one-dollar policy, but every peso in circulation was backed by a dollar of foreign exchange reserves.

Then came the crisis. In December, under the pressure of speculative capital flight, Mexico wavered: rather than defend the peso by whatever means necessary, the

country devalued its currency. As it turned out, the devaluation was enough to shatter the government's credibility but not enough to satisfy the speculators, and the half-measures quickly turned into a rout that drove the Mexican peso to half its previous value. Eventually the currency stabilised, but only after interest rates had been increased to 60 per cent.

The story is not yet over.

The pressures that led to the Mexican devaluation were not, ultimately, financial. Rather, they came from the real economy. Mexico's strong peso policy brought down inflation, but not at once. By the time inflation was nearly down to US levels, many Mexican exports had been priced out of US markets. Meanwhile, the combination of the strong peso and trade liberalisation had brought on an import surge. The result was that the massive inflows of capital during the good years brought surprisingly little growth in the domestic economy, and no growth at all in employment. It was the mounting pressure to do something to improve this performance – helped by internal political unrest – that eventually made financial markets wonder whether the peso would remain strong, and brought on a currency crisis.

The point is that with the peso devalued, however messily, those have become problems of the past. Mexico's domestic economy may be prostrate; but it is already running a trade surplus and exports are surging. Within two or three years, we may be marvelling at how Mexico has, at last, become a fast-growing, export-oriented economy.

Meanwhile, Argentina has weathered the immediate storm; but the problems of a severely overvalued peso, which have made Buenos Aires one of the world's most expensive cities and hobbled attempts to develop new exports, remain unresolved. They will be unsolvable as long as the credibility of the government is bound up with one peso.

So round one has ended, and old-fashioned monetary virtue is leading on points. But will still bet that by the end of the bout we will see, once again, that things are not that simple.

Paul Krugman
The author is professor of economics at Stanford University.

Myopic memoirs

There is nothing remarkable in Lady Thatcher's description of the woes afflicting Mr John Major's administration. She has scarcely concealed her disappointment with her chosen successor since he replaced her in 10 Downing Street.

You do not have to be a former prime minister to understand that voters do not like governments which break their promises and raise taxes instead of reducing them. And an economic recovery without the familiar British housing boom – to which she owed some part of her own popularity during the 1980s – does not win many easy votes either.

Lady Thatcher's prescription for a recovery in the government's fortunes is much less credible. She insists that, at home, the answer is for Mr Major to be more Conservative, by which she means, of course, more Thatcherite. Her principal demands appear to be the restoration of more generous tax allowances for homeowners and for married couples, and a switch in resources from the welfare state to the police.

It is a prescription which ignores part of her legacy – an inflationary expansion and the great expense of abolishing the poll tax – and which defies sensible economics. There has been much to take issue with in Mr Major's management of the economy, but it will not be mended by the return of tax privileges for homeowners. Lady Thatcher is right to judge that the government too often seems at the mercy of events. She is wrong to believe

it can rediscover strategic direction through a selective reading of recent history.

His predecessor reserves her greatest scorn, however, for Mr Major's policy towards Europe. She insists that she would never have signed the Maastricht treaty (the debatable proposition) and demands that her successor rule out British participation in a single currency. Curiously, and against all the evidence from Washington, Lady Thatcher believes that a special relationship with US could be rebuilt if the UK retreated from a central role in Europe.

It is here that she identifies again the fault-line in the Conservative party and the cabinet which still threatens Mr Major's premiership. In other circumstances her scathing attack on the prime minister's "Yes, Yes" to Europe (as opposed to the "No, No" which led to her downfall) might be brushed aside. Lady Thatcher's principal purpose in these last few days has, after all, been to promote the second volume of her memoirs *The Path to Power*.

But what to call it? The Hillary might spring to mind, but it would quickly date. The News would probably sink. As recent opinion polls suggest not more than 20 per cent of the public want a £1 coin, it has to be named the Groucho.

Kevin, n'est-ce pas?
■ Jacques Touhou, fierce defender of the French language in his

previous role as minister of culture, will probably be slightly relieved to have shifted to a different portfolio under President Jacques Chirac.

For research from the state-funded CNRS academic network shows that France is suffering an invasion of Anglo-Saxon first names. Pauline and Laura are among the top five names for new daughters; for boys there is a clear winner. And it is... Kevin, the choice for one in every 30 male births. The French chattering classes apparently prefer more culturally-sensitive names, such as Pierre and Marie; but they are being born down by a torrent of Kevin.

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Conservative right attacks advertising policy

Christian lobby group urges boycott of Unilever

By Richard Tomkins in New York

The American Family Association, an influential Christian lobbying group claiming more than 1m supporters, has urged a US boycott of goods made by Unilever, the Anglo-Dutch consumer products group, in protest at its advertising policy.

The association says Unilever is a leading sponsor of prime-time network television programmes featuring sex, violence and profanity, and that the company has ignored repeated requests for a meeting to discuss its advertising guidelines.

The full-page advertisement in The New York Times on Sunday follows a recent spate of attacks on film, television and music production companies from the conservative right.

Two weeks ago, Senator Robert Dole, the Senate majority leader and front-runner for the Republican presidential nomination, attacked Time Warner, the US entertainment group, for the violent and sexual content of some of its record releases.

The American Family Association's ad listed several examples of US television programmes containing sex and violence - highlighting the police series *NYPD Blue* for "helping open the

doors to sexual nudity on prime time TV" - and identified Unilever as one of its main sponsors.

The advertisement included a clip-out panel listing all Unilever's products in the US and invited consumers to boycott them. The association said the advertisement was the first in a campaign that would spread to newspapers across the US over the next six months.

Last year, the US market accounted for 20 per cent of Unilever's \$45 billion worldwide sales and 19 per cent of its \$3.95bn operating profits. Yesterday Unilever had no one available for comment. In London, where news of the boycott had yet to break, the shares edged up 11p to \$100m in last business.

Based in Tupelo, Mississippi, the American Family Association pursues a conservative Christian agenda in schools, government and the media. In 1989 PepsiCo, the US soft

drink company, shelved a multi-million dollar advertising contract with Madonna after the association accused the pop star of appearing in a blasphemous video. Many US companies routinely avoid advertising in programmes that the association finds objectionable.

Rev Donald Wildmon, the association's founder and executive director, said Unilever had been singled out because it was "one of the leading sponsors of sex, violence and profanity" on television. Procter & Gamble, the US consumer products group, was "a much more responsible advertiser" by comparison, he said.

"Unilever are the leading sponsors of *NYPD Blue*. They are a leading sponsor of pro-homosexual programmes. They are a leading sponsor of day-time talk trash shows," Mr Wildmon said.

He denied the association was trying to censor US television.

Last-minute takeover saves UK shipyard from closure

By Michael Cassell in London
and Chris Tighe in Newcastle

Swan Hunter's main shipyard at Wallsend on Tyneside in north-east England was saved from permanent closure yesterday when it was sold for an undisclosed amount to THC Group, the offshore fabrication specialist.

The deal was concluded just 10 days after THC, which already employs 500 people at two fabrication yards at Hartlepool, submitted a bid for the yard. The sale comes a week before the yard's machinery and contents were to have been sold off at auction.

The yard, in receivership since May 1993, is to be used to build floating oil production platforms, which can exploit North Sea oil fields deemed uneconomic for fixed-platform operations.

Hopes were high last night that the deal would throw a lifeline to several hundred former ship-

yard workers, although the new owners were unable to give any estimate of jobs - involving the full range of shipyard skills - likely to be created.

Mr Ed James, joint receiver, said he was delighted the international search for a buyer had been successful.

Mr Tim Eggar, UK industry minister, also welcomed the deal, which meant all three former Swan Hunter yards had been sold and would be creating jobs.

THC will negotiate with the UK Department of Trade and Industry for grant aid towards the cost of developing the Wallsend complex. Mr Eggar said the DTI had been in contact with THC but that the company had not formally applied for regional selective assistance. He said any application would be "treated on its merits".

The rush to conclude the deal meant few details of the sale or of the new owner's plans were immediately available. THC first bid for the yard towards the end of last year but it was rejected by the receivers as being unrealistically low.

Mr Glen Wilson, THC's com-

mercial manager, said the company was confident a "hugely successful" operation would now emerge.

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The US says the mere announcement of trade sanctions is not illegal. Washington also claims it is entitled to act unilaterally under its own trade laws if unfair trading practices fall outside WTO rules.

Meanwhile, an independent dis-

putes panel set up under the WTO's predecessor, the General Agreement on Tariffs and Trade, has ruled largely in Japan's favour against European Union anti-dumping duties on imports of Japanese audio-cassettes.

At a meeting yesterday of Gatt's anti-dumping committee, the EU refused Japan's request for the report to be adopted, saying it needed more time to study the complex ruling and its implications for EU anti-dumping rules.

News of the last-minute sale

was warmly greeted on Tyneside, where a campaign to save the last part of the Swan Hunter yard had mounted.

Central bankers give inflation warning

Continued from Page 1

that have been introduced in many countries mean that there is now a better chance of keeping inflation low, it warns that many

governments still have more to do to prove their anti-inflation credentials to the markets.

In particular, the EIS warned that although earnings growth had been low in the US in recent

years, there were already signs that it was picking up in European countries such as France, Germany and the Nordic bloc in spite of continuing high levels of unemployment.

On Wednesday, a zone of low pressure will return to north-west Europe, bringing cloud, rain and showers to southern Scandinavia, eastern Europe and the western Low Countries. The UK will stay mainly dry, although eastern regions will have showers on Thursday. As from Thursday, conditions will improve in south-eastern Europe as showers give way to sunshine. Spain and Italy will also have sunny spells, with scattered showers in the north.

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Five-day forecast

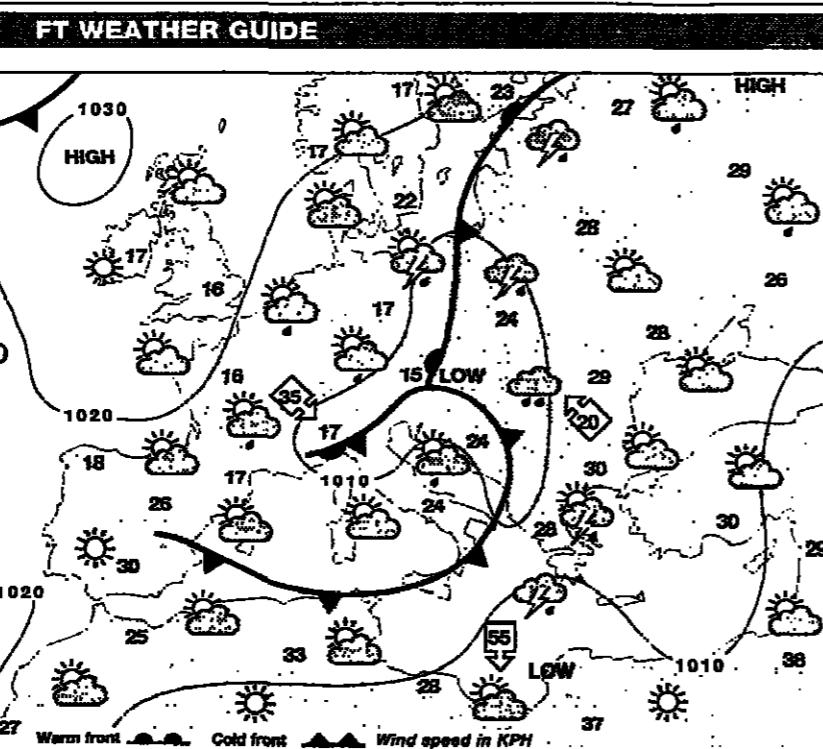
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TODAY'S TEMPERATURES

		Maximum Celsius		Minimum Celsius		Fair		Cloudy		Rain		Snow		Wind speed in KPH		
Abu Dhabi	Sun	39	Bulgaria	Sun	32	Cancún	Fair	31	Faro	Fair	23	Madrid	Fair	20	Rome	Thunder
Accra	Shower	30	Berlin	Shower	27	Cardiff	Fair	17	Frankfurt	Shower	18	Malaga	Fair	12	Pays de la Loire	Thunder
Algiers	Fair	25	Bermuda	Rain	28	Casablanca	Fair	22	Geneva	Rain	18	Malta	Fair	12	Paris	Sun
Amsterdam	Sun	17	Bogota	Thunder	22	Gibraltar	Fair	26	Glasgow	Fair	19	Manchester	Fair	23	Peru	Cloudy
Ankara	Sun	30	Buenos Aires	Fair	22	Dakar	Shower	27	Hamburg	Shower	18	Manila	Fair	35	Portugal	Fair
Atlanta	Sun	28	Brussels	Shower	17	Dalat	Sun	44	Montreal	Shower	28	Melbourne	Fair	15	Prague	Fair
B. Aires	Fair	13	Budapest	Shower	23	Dubai	Sun	39	Montevideo	Shower	28	Montreal	Fair	38	Rome	Cloudy
B. ham	Fair	16	C.Jeppen	Shower	18	Dublin	Fair	17	Oslo	Fair	29	Montreal	Fair	33	Stockholm	Thunder
Bangkok	Thunder	34	Cairo	Sun	38	Dubrovnik	Fair	25	Jersey	Fair	13	Munich	Fair	29	Stockholm	Thunder
Barcelona	Fair	21	Cape Town	Shower	13	Edinburgh	Fair	17	Kuala Lumpur	Fair	24	Montreal	Fair	23	Toronto	Cloudy

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Japan and US fail to break car dispute deadlock

By Frances Williams in Geneva

A day of talks in Geneva between the US and Japan on their car dispute ended in deadlock last night, leaving further attempts to solve the row to US and Japanese leaders at the Group of Seven summit in Halifax, Nova Scotia, later this week.

Yesterday's talks, under the auspices of the World Trade Organisation, focused on Japan's complaint that US trade sanctions announced last month on nearly \$8bn of Japanese luxury car imports violate WTO fair trade rules.

US officials at the talks yesterday said there was "no sign of any agreement" between the two countries, while Japanese officials said negotiations on their broader car trade dispute could resume if the US backed down on the sanctions and its demand for numerical targets.

Mr Mickey Kantor, US trade representative, said at the weekend that the US would go ahead with sanctions on June 28 unless Japan agreed measures to open its domestic market to US cars and car parts. Tokyo says the announcement, backtracking from previous tariffs to May 20, has already cost Japanese exporters over \$100m in lost business.

The dispute will be high on the agenda when President Bill Clinton and Mr Tomiochi Murayama, Japan's prime minister, meet in Halifax tomorrow. More detailed discussions are likely in Washington next week.

But Mr Mike McCurry, White House spokesman, played down prospects for any progress in talks between Mr Clinton and Mr Murayama. "We don't expect any resolution of our trade and economic issues - not in Halifax," Mr McCurry said.

Both sides have refused to compromise. Japan says it will not negotiate on the substance of the dispute under the threat of unilateral sanctions and will not under any circumstances agree to US demands for numerical targets which in its view amount to managed trade.

The US says the mere announcement of trade sanctions is not illegal. Washington also claims it is entitled to act unilaterally under its own trade laws if unfair trading practices fall outside WTO rules.

Meanwhile, an independent disputes panel set up under the WTO's predecessor, the General Agreement on Tariffs and Trade, has ruled largely in Japan's favour against European Union anti-dumping duties on imports of Japanese audio-cassettes.

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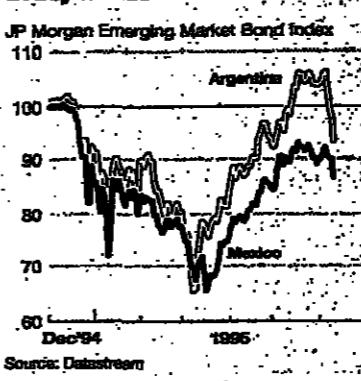
THE LEX COLUMN

Remote control

FT-SE Eurotrack 200: 1446.1 (-6.2)

Hardy bonds

JP Morgan Emerging Market Bond Index 110



Source: Datamonitor

down 11 per cent in dollar terms.

In the past week, the Nikkei has dropped 7 per cent, breaching the 15,000 barrier. It is now 62 per cent down on its 1989 peak. Another 3.5 per cent fall and the index would touch levels not seen since 1986. Even so, on fundamental grounds, the market is still overvalued. Further falls could bankrupt companies heavily invested in the market, creating still more problems for the banks. The Ministry of Finance yesterday admitted it had abandoned its policy of supporting the market by buying equities. But it has yet to find a new strategy to prop up the Nikkei.

The other option of selling the entire media empire to Mr Rupert Murdoch should theoretically achieve a premium price. The problem, though, is that the former prime minister would then not even be sure of his television channels' political support. Mr Berlusconi has only to look at how Mr Murdoch is cosying up to Britain's Labour party to see how risky that could be.

The Tokyo stock market's alarming fall is only partly caused by the stalling economy and the yen's appreciation, both of which have hit corporate earnings. More important is the unravelling of the web of cross-shareholdings between companies and banks. Moreover, as revealed in yesterday's batch of results, life assurance companies are sellers of equities, instead buying less risky fixed-interest assets.

The glut of sellers is matched by a famine of buyers. Foreigners, who shored up the market last year, are almost entirely absent. Last year, overseas investors benefited as the market appreciated 26 per cent in dollar terms thanks to the yen's strength. But this year, even the currency's appreciation cannot offset the market's fall, which has come

investment banking in the US. The result is that US and European banks are bidding for staff. This phase will pass. But the second reason is more fundamental: staff who have been paid millions of dollars in bonuses over a number of years think of early retirement rather than unemployment.

How serious this is depends on the overall health of the firm. Salomon is ailing and its strong trading culture makes it difficult to foster team spirit. But if it fails to find a system which ensures that shareholders will be the only losers when the company underperforms, it will only be storing up problems for the next downturn.

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FINANCIAL TIMES

COMPANIES & MARKETS

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Tuesday June 13 1995



IN BRIEF

Japanese life groups stumble

Japan's life insurers, among the world's largest institutional investors, reported stagnant revenues and sharply lower profits. The continuing slump in the Japanese stock market and the rise in the yen reduced returns on assets. Page 24

Christian Salvesen nudges ahead

Christian Salvesen, the distribution and specialist hire group, has announced a 5 per cent rise in pre-tax profits to £77.7m (£122m) for the year to March 31. However the figures were below expectations, and the shares fell 5p to 253p. Page 26

Australian banking in a flurry

Another flurry of mergers and takeovers is expected in Australian banking, with a number of assets up for sale. Page 23

Strain on Ukraine grain

An early summer drought in central and eastern Ukraine threatens to depress the grain harvest again this year. Page 27

Christiania bids for financial concern

Christiania Bank, Norway's second-largest bank, has launched a formal bid for Norgeskredit Holding, an emerging financial services group with estimated assets of Nkr30bn (\$4.5bn). Page 20

Eurodollar warns of lower profits

Eurodollar, the car rental company which floated in July, recorded a 16 per cent rise in pre-tax profits but said profits in the first half of this year would be lower than last time. Page 26

Renault sale moves near the starting grid

Renault's top managers soon hope to be on the starting grid for the full disposal of the state's 53 per cent stake. Page 20

CNN to rival NBC on business news

Turner Broadcasting plans to launch a CNN Finance Network to compete with NBC's Cable News Network, which specialises in business and financial coverage. Page 22

TSN may bid for Labatt cable arm

Management of John Labatt's The Sports Network (TSN) is working on a bid for the beer and entertainment group's cable system, following last week's negotiations with other Canadian broadcasters. Page 22

Beazer Homes to buy back stake

Beazer Homes, the US housebuilder floated by Hanson last year, is buying back the 29.6 per cent stake still held by US Industries, the diversified business recently demerged from Hanson. Page 22

Hertie hurts Karstadt

Profits of Karstadt, Germany's biggest retail group, fell sharply last year, after restructuring costs and lower sales at its newly acquired Hertie subsidiary. Page 20

Berisford shares tumble on warning

Berisford shares tumbled 15 per cent to 215p, as the UK kitchens group warned that growing malaise in the housing market would hold back profits in its joinery businesses. Details and Lex, Page 26

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FFP)	
Flies	+ 14	Flies	+ 13
Lufthansa	+ 18	Danone	+ 11
SAP	+ 10	Paris	+ 10
Goldschmidt	+ 15	Bouygues	- 10
Holzmann	+ 15	Indesit	+ 25
Lamax	+ 15	Inter France	+ 21.2
Reichhold	+ 21.2	Inditex	+ 27
New York (S)	+ 21	TOKYO (Yen)	
Flies	+ 15	Flies	
Anger	+ 15	Fluxus	+ 31
Broderick Cott	+ 24	Stora Enso	+ 11
Dimension Data	+ 17	Stora Enso	+ 11
Chiron	+ 56	Tungsram	+ 10
Moore	+ 41	Monogram	+ 41
Palit	+ 41	Monogram	+ 26
Microsoft	- 1	Sakae Shk	+ 38
Levi-Strauss (France)		HONG KONG (HK\$)	
Flies		Flies	
Siem Willems	+ 11	China Motor	+ 0.7
Kleiner Perkins	+ 13	CDC Pacific	+ 0.7
Whitbread	+ 10	Geox	+ 1.0
Scopari	+ 10	Hong Kong Sh.	+ 1.0
Goldman	+ 28	New World Dev.	+ 0.6
Emerson	+ 20	Sun Hong Kai	+ 0.7
Perfetti & Sordi	+ 23	Malibronck (Hk\$)	
TORONTO (CA\$)		Flies	
Flies		Flies	
Demand Fonds	+ 24	Flies	+ 8
Goldman	+ 1	Flies	
Scopari	+ 14	Advanced Micro	+ 8
Perfetti	+ 14	Flies	+ 8
Borsa	+ 1	Flies	+ 8
Cognos	+ 34	Flies	+ 8
Gen Tech	+ 15	Flies	+ 10

New York & Toronto prices at 12.30.

Pricing values Usinor Sacilor up to FFr23bn

By John Riddling in Paris

The French government yesterday launched the marketing for the privatisation of Usinor Sacilor, announcing a price range for shares in the steel giant of between FFr82 and FFr96 each for institutional investors.

According to the French government, the issue will comprise an offering of 16m shares, with about 36m of the shares representing the capital increase.

The results seem to give Mr Berlusconi and Fininvest's managers a stronger negotiating position, and more time to plan disposals and even to fight off investigations into alleged bribery and corruption at the group.

In addition to the public issue, the government is reserving about 9.5m shares for employees and former employees of the company. These shares will be offered on preferential terms, yet to be specified.

As outlined by Mr Alain Madelin, the French economy minister, the operation will also include the formation of a group of core long-term shareholders. These shareholders will control 15 per cent of the shares.

Crédit Lyonnais close to insurance deal with Allianz

By Andrew Jack in Paris

Crédit Lyonnais, the state-owned French bank, appears close to an exclusive deal with Allianz, the large German insurance group, for the sale and distribution of non-life insurance products.

The bank, which first announced its interest in a tie-up with a single company for non-life insurance sales last July, is likely to make a final decision soon but is believed to favour proposals from Allianz.

The contract could prove lucrative. Crédit Lyonnais said last year it generated FFr1.5bn (£305m) in premiums from non-life products sold through its banking network, including car, house, legal, credit card protection and mortgage protection contracts.

The bank, which refused to comment on the negotiations, said it sold non-life insurance to about 3 per cent of its clients and had plans to expand this proportion in the medium term to 10-15 per cent.

"Many studies have shown that people only want to talk to one organisation about financial and insurance products," it said.

The bank believes it could gain considerable economies of scale by moving away from its practice of using a variety of brokers to provide non-life products from next year.

However, they have proved less effective at handling the more technical non-life products, in which they held 3 per cent of the market in 1993. In one such recent development, Société Générale, one of France's largest banks, said last month it was planning to start selling non-life products from next year.

Crédit Lyonnais' chief executive, Jean-Pierre Lévy, said: "We believe that Allianz is the right partner for us."

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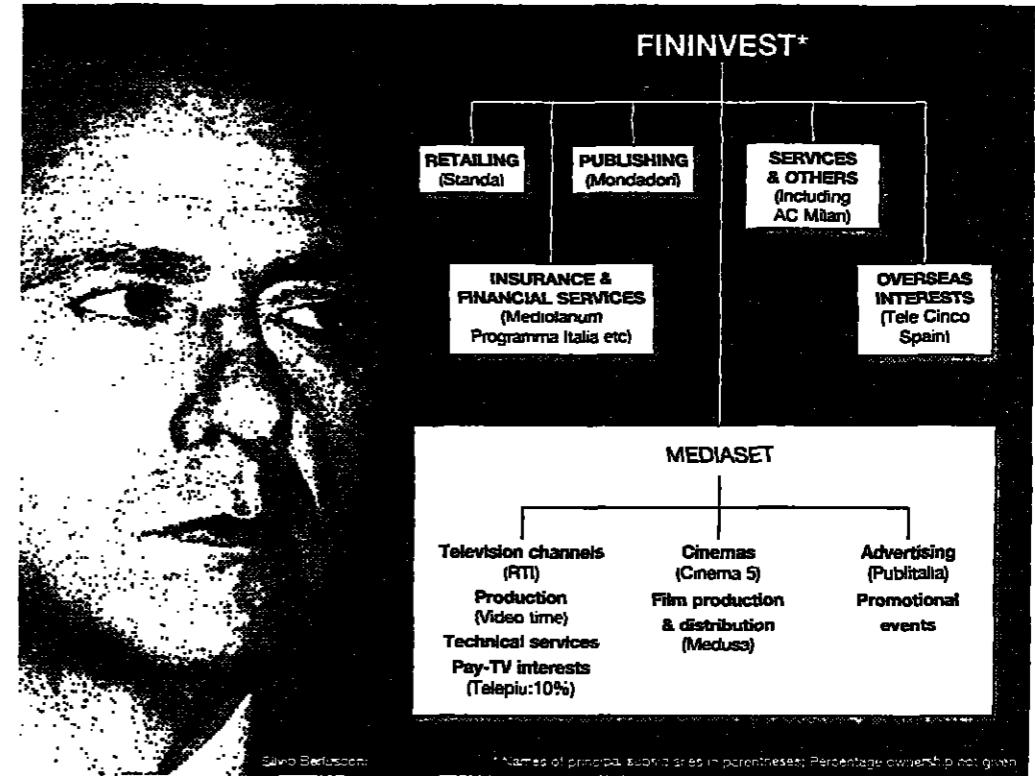
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Referendums appear to have strengthened Berlusconi's hand

Fininvest takes time out before media sale



was committed to bringing in new partners, such as Kirch and Time Warner, in order to benefit from their experience in advanced television and multimedia.

Indeed, now that the referendums have gone Fininvest's way, the company is again promoting a two-stage sale of its media assets, known as Project Wave. This would be a slower process than a rapid sale of one or two channels to waiting predators, and might raise less money, but it would leave Mr Berlusconi with a large minority stake in the continuing business.

On the question of Fininvest's debt, analysts are divided about whether the company has done enough to improve its financial position with recent restructuring and disposals.

The private company had net borrowings at the end of 1993 of about L3,800bn (\$2.3bn), a target from which Mr Franco Tato, chief executive until early this year, was bent on reducing with a programme of disposals.

Yesterday, Fininvest said that owning three

Karstadt blames unit's revamp for sharp fall

By Andrew Fisher in Frankfurt

Profits at Karstadt, Germany's biggest retail group, fell sharply last year, mostly because of restructuring costs and lower sales at its newly-acquired Hertie subsidiary.

Karstadt said Hertie, bought early in 1994, incurred a DM151m (\$108.1m) loss after restructuring costs, the interest charges of financing the DM1.5bn purchase and a 7 per cent fall in sales. However, the final Hertie loss was reduced to DM90m by profits carried over from the previous year.

The whole Karstadt group, including department stores, specialised retail outlets, mail order (Neckermann) and travel interests, suffered an 81 per cent slide in net income to DM42m, worse than analysts had expected.

Turnover was 29 per cent higher at DM27bn, but was down 2 per cent on a like-for-like basis (excluding Hertie). Earnings per share slumped to DM9.69 from DM34.17.

The dividend is being held at DM13 a share.

After a difficult trading period in 1994 - the rival Kaufhof group also turned in a poorer result - this year

is not proving much better. Karstadt referred in the annual report to "the difficulties of the critical retail trade year of 1994", but said further integration of Hertie and wider group restructuring would give it increased dynamism and flexibility.

Mr Walter Deuss, chairman, has joined the chorus of those arguing for longer shopping hours as a means of stimulating trade. Urban areas have benefited from late Thursday shopping, and Mr Deuss hopes longer opening times on other days could help offset the slack consumer trend and liven up inner-city areas.

Influencing Mr Deuss's position is the fact that the main Karstadt department store activities have had a tough time, aside from the impact of the Hertie acquisition.

Sales of the main Karstadt store operation were 6 per cent lower at DM12.5bn. Neckermann mail order sales were down 5.8 per cent to DM3.5bn, but net income tripled (helped by higher margins and lower taxes), to DM45m.

The NUR Touristic travel business raised turnover 15 per cent to DM2.75bn and net profits by 92 per cent to DM57m.

Czech bank's GDR offering under way

By Vincent Boland in Prague

CS First Boston began an international roadshow yesterday for a landmark global share offering by Komercni Banka, one of the big four banks in the Czech Republic.

Komercni is launching a secondary offering of non-voting global depository receipts, in the first such issue by an eastern European bank.

CS First Boston in Prague last month won the mandate to lead-manage the offer, aimed at international institutional investors.

The offer is of a minimum of 610,000 shares in Komercni, or

3.2 per cent of its outstanding shares, valued at just over \$30m. The bank has an option to increase the size of the offer depending on demand and pricing.

CS First Boston said the offer price would be based on an underlying share price of between Kč1,390 and Kč1,600. The bank had a book value of Kč1,332 per share on March 31, and a market value of about \$925m.

The GDRs will be listed on the London Stock Exchange.

The underlying shares of the GDRs are being acquired from existing Komercni shareholders, mainly privatisation funds.

Christiansia in fresh bid for finance group

By Karen Fossli in Oslo

Christiansia Bank, Norway's second largest, yesterday launched a formal bid of Nkr200 per preference share for Norgeskredit Holding, an emerging financial services group with estimated assets of Nkr30bn (\$4.8bn).

The deal, worth about Nkr1.3bn, will make Christiansia the leading supplier of long-term mortgage loans in Norway.

Talks between the two companies collapsed more than a week ago when Norgeskredit rejected an informal acquisition offer from Christiansia.

Their optimism has been buoyed by the group's upbeat 1994 results and its strongest-ever model range. Net profits more than tripled to Nkr3.64bn (\$741.2m) last year, while the success of the new Laguna mid-size saloon helped raise Renault's European market share to 10.6 per cent in the first three months of this year from 10.2 per cent a year ago.

The signs are, however, that privatisation-minded managers are pushing against an open door. Prime minister Alain Juppé is expected to accelerate France's privatisation drive on political and financial grounds. Moreover, Mr Alain Madelin, the new economics minister,

Preference shareholders who accept the offer will be given pre-emptive rights to buy shares in Finansbanken at a price equivalent to book value of the equity capital of the bank, plus transaction costs.

Christiansia said preference shareholders would retain any added value above Finansbanken's equity and any added value above book value of Naeringsinvest shares.

The deal is tied to Christiansia acquiring all Norgeskredit Holding's ordinary shares.

Following the acquisition, the bank's pro forma capital adequacy ratio, on a consolidated basis, will decline to 9.2 per cent from 12.1 per cent at end-1994, while the core capital ratio will dip to 5.3 per cent from 5.9 per cent.

The acquisition will increase the quality of the bank's lending portfolio, Mr Lenth said.

Group sales fell to FM2.9bn from FM3.4bn. However, they were up 5 per cent when the effects of investment were taken into account. A significant fall in costs, to FM2.45bn from FM3.08bn, helped operating profits to double, to

Renault awaits state's chequered flag

The French auto group hopes for a quick sell-off under the new government, writes Haig Simonian

Renault executives saw almost certain victory slip through their fingers during Sunday's punishing Canadian Grand Prix as three of the four Renault-powered F1 cars dropped out.

Many of those executives will be hoping to avoid a repetition at the hands of the new French government, which is devising its sell-off plans for the 53 per cent state-owned group.

The failed merger with Volvo and last year's partial privatisation is now behind them, and Renault's top managers soon hope to be on the starting grid for the full disposal of the state's stake.

Their optimism has been buoyed by the group's upbeat 1994 results and its strongest-ever model range. Net profits more than tripled to Nkr3.64bn (\$741.2m) last year, while the success of the new Laguna mid-size saloon helped raise Renault's European market share to 10.6 per cent in the first three months of this year from 10.2 per cent a year ago.

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such as "people carriers"; or an attack on new markets.

Mr Schweitzer will have to explain Renault's international plans at a time of growing globalisation in the car industry.

Unlike bigger rivals such as Ford or Toyota, Renault is conspicuously absent in the US and barely present in south-east Asia. The US is out of the question "at least for this century", says one top manager; many others think it would even obstruct smaller, ad hoc alliances.

Mr Balladur stepped back from a full disposal in 1994 for fear of provoking unrest in the run-up to the presidential election. Instead, he called on the company to develop alliances to ensure independence after full privatisation.

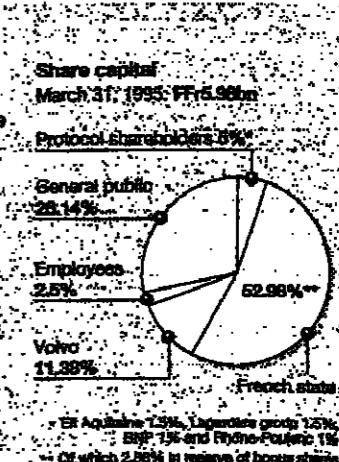
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Products, alliances and geography will be the other areas probed. Renault is gearing up for the launch of the successor to its popular Ford Escort-sized R19, due to be unveiled at the Frankfurt motor show in September.

While the solid, if uninspiring, R19 has done much to consolidate Renault's reputation for quality and reliability, the newcomer must take standards further to compete in the toughest segment of the European car market.

That will be achieved through much bolder styling and a wider range, to include three and five-door hatchbacks and sedans, a coupe and a compact.

Renault's management could then pursue selected alliances. These link-ups could take in a new family of small engines and gear boxes; new models,



although possibly with a partner, such as Mercedes, with which it has had talks.

South America is also appealing because Renault is already established in Spain and Portugal and the cultural leap is relatively small, says Mr Faure. "We know the markets well," he said.

But what of Mr Schweitzer himself? The chairman was last month placed under investigation over a mid-1990s scandal involving infected blood.

Mr Schweitzer, who has won considerable praise running Renault, will probably indicate his commitment to the group. However, he has said he would step down if the affair were to take up too much of his time.

With privatisation so much on the agenda, most of the audience will be hoping he stays in the driving seat.

Metra profits surge four-fold

By Hugh Carnegy
in Stockholm

Metra, the diversified Finnish industrial group, yesterday reported a four-fold jump in profits in the first four months of the year. It attributed the surge to a sharply improved performance in its diesel engine and steel units.

Pre-tax profits rose to FM286m (\$66.8m) from FM65m in the same period last year.

Group sales fell to FM2.9bn from FM3.4bn. However, they were up 5 per cent when the effects of investment were taken into account. A significant fall in costs, to FM2.45bn from FM3.08bn, helped operating profits to double, to

FM32m from FM16m. The bottom line was further enhanced by a FM40m drop in financial expenses, to FM60m.

Wärtsilä Diesel, one of the world's leading diesel engine manufacturers and Metra's biggest division, pushed up operating profits to FM108m from FM18m, despite a rise in sales of only 4 per cent, to FM1.66m.

The profit included a gain of FM7m from the sale of technology to Cummins Engine Company of the US, as part of a deal by the two companies to set up a joint venture to make high-speed diesel and natural gas engines.

But Metra said most of Wärtsilä's revenues accrue in the second half of the year, and it

reported a FM40m jump in the unit's order book to FM4.5bn at the end of April. Wärtsilä makes power plant and marine engines.

Metra's second largest division, the bathroom equipment maker Sanitec, was pressed by tough competition in Europe, seeing sales fall 2 per cent to FM367m. However, it lifted operating profits to FM1.30m from FM1.06m. Imatra Steel, the other main operation, achieved a 26 per cent increase in sales to FM334m as European demand for special steels grew. Operating profit rose to FM50m from FM23m.

Metra warned it was vulnerable to the weak US dollar and Swedish krona.

US court seeks advice on Aids drug patents

By Daniel Green

But it does suggest the court sees convincing arguments on both sides of the case.

The two generic companies argue that scientists from the federal National Institutes of Health (NIH) invented AZT, making the Burroughs Wellcome patents invalid. Glaxo bought Wellcome, and with it the US subsidiary Burroughs Wellcome, in March.

Glaxo says Burroughs Wellcome scientists discovered AZT to treat AIDS and HIV after painstaking research.

A federal court and the US Court of Appeals have already upheld the patents, which do not expire until 2005.

All of these securities having been sold, this announcement appears as a matter of record only.

June 1995

3,550,000 Shares

NexGen™

Common Stock

680,000 Shares

PaineWebber International

Alex. Brown & Sons
International

Robertson, Stephens & Company

This tranche was offered outside the United States and Canada.

2,870,000 Shares

PaineWebber Incorporated

Alex. Brown & Sons
Incorporated

Robertson, Stephens & Company

This tranche was offered in the United States and Canada.

First International Funding Co.
Floating Rate Notes

Pursuant to the Indenture dated as of June 3, 1993 among the Issuer, State Street Bank and Trust Company as Trustee, and Financial Security Assurance Inc., as the trustee, no holder given that date or thereafter may require payment of principal prior to June 5, 1995 or September 4, 1995, the applicable Note Interest Rates are: for the Notes due 1996, 6.5125%; for the Notes due 1998, 6.6125%; and for the Notes due 2000, 6.7625%.

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By The Chase Manhattan Bank, N.A.
London, Agent Bank

GENERAL MEETING OF SHAREHOLDERS

The STET General Meeting of Shareholders, chaired by Biagio Agnes, was held in Turin on 9th June 1995.

The Meeting approved:

- the Board of Directors' Report and Financial Statements for the year ending 31st December 1994, audited by Arthur Andersen & Co. s.a.s., showing a net profit of Lit. 892.9 billion;
- the following distribution of net profit:
 - Lit. 44.7 billion to the legal reserve;
 - Lit. 239.3 billion to the extraordinary reserve;
 - Lit. 609.9 billion to the share capital, in an amount of Lit. 130 (13% of the par value) for each of the 3,834,312 ordinary shares.

The Group's consolidated financial statements, illustrated to the shareholders, showed a net profit of Lit. 1,901 billion, of which Lit. 1,165 billion attributable to STET, sales of Lit. 33,752 billion, cash flow of Lit. 12,136 billion and capital expenditures for a total of Lit. 10,459 billion.

The Meeting resolved to request the listing of the STET ordinary and savings shares on the New York Stock Exchange.

Furthermore, the Meeting appointed as Directors Alberto Corrius, Ezio Francesco Lepidi and Ernesto Pascale co-opted by the Board in the course of 1994, and also appointed Aldo De Chiara as Statutory Auditor and Franco Bonciolini as alternate Statutory Auditor.

Finally, the Meeting adjusted the emoluments of the Directors and Statutory Auditors.

The Board of Directors, which met after the Shareholders' Meeting, appointed Biagio Agnes as Chairman, Michele Savarese as Vice Chairman and Ernesto Pascale as Managing Director. Filippo Gagliano and Enrico Graziani were appointed General Managers.

PAYOUT OF DIVIDEND

The dividend for the financial year 1994, in an amount of Lit. 130 per savings share and Lit. 110 per ordinary share, gross of taxes, will be paid from 15th June 1995 at the Company's offices in Turin, Via Berlino 28, and in Rome, Corso d'Italia 41, at the customary authorised banks, as well as through Monte Titoli S.p.A. for the shares managed by it. For both categories of shares, payment will be made against detachment of coupon no. 6.

MEETING OF SAVINGS SHAREHOLDERS

The special Meeting, held in Turin on 7th June 1995, confirmed Carlo Pastore as the common representative of STET savings shareholders for three years.



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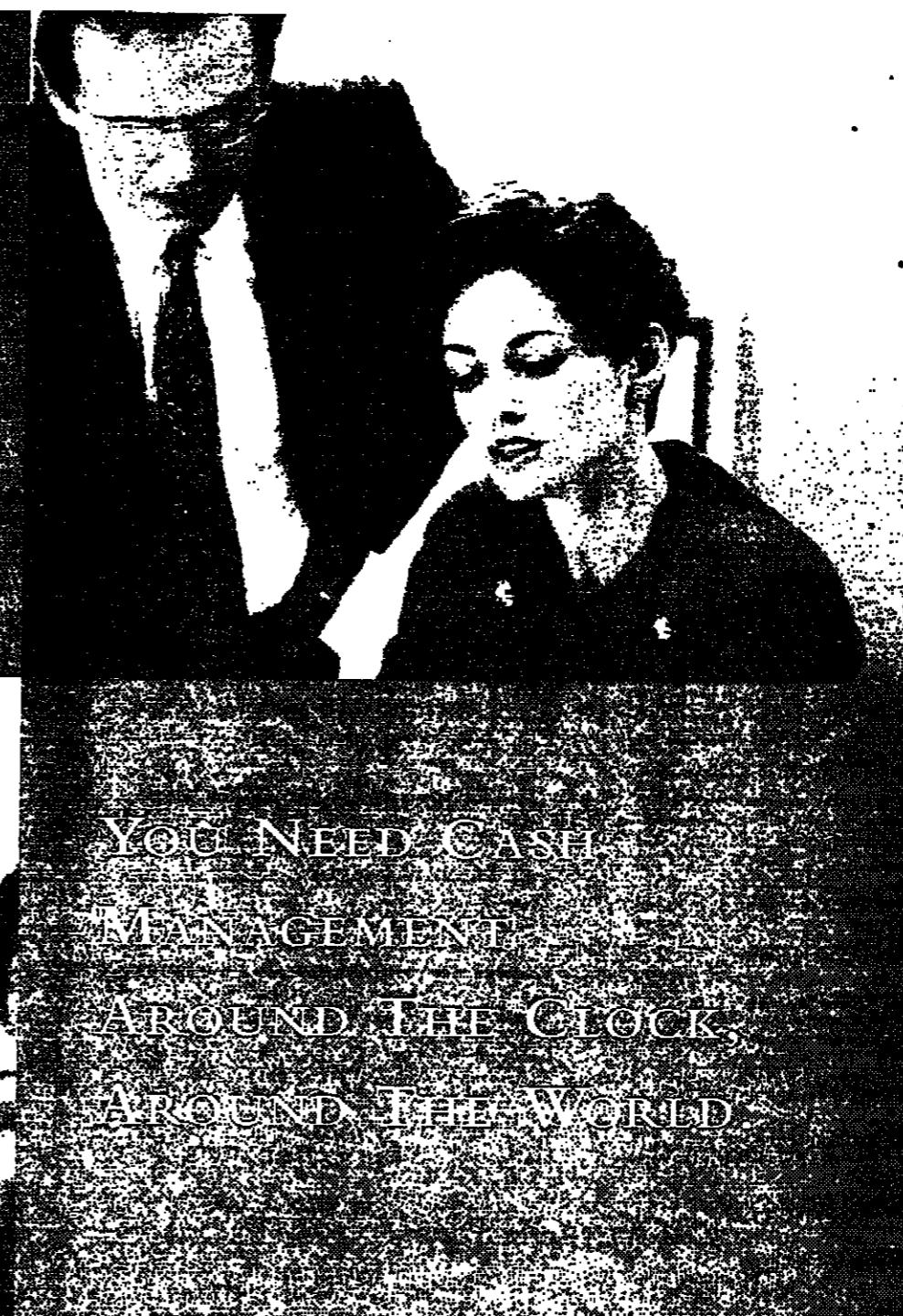


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INTERNATIONAL COMPANIES AND FINANCE

Turner to launch business network

By Raymond Snoddy

Turner Broadcasting and NBC seem to be shaping up for more intense competition in the cable and satellite information business in the US.

Mr Ted Turner, president of Turner Broadcasting, has announced that it plans to create a CNN Finance Network to add to the 24-hour CNN news channel and Headline News produced out of the same headquarters in Atlanta, Georgia.

The new Financial Network,

which will compete with NBC's Cable News Network, is scheduled for launch in January.

It will be carried as part of CNN International, which Turner Broadcasting started relaying into the US six months ago as a niche channel. It has done better than expected, and is already available in 3m to 4m homes.

The new financial segment will run from 7am to 7pm, but will not be carried on CNN International outside the US.

The development of the new

service will be overseen by Mr Lou Dobbs, executive vice president of CNN Business News.

The organisation already generates business news from 30 US and international bureaux, and it was seen as simply a good business decision to make greater use of it.

There are no plans to extend the service to the rest of the world.

In response to the Turner announcement Mr Bob Wright, president of NBC, said it suggested that cable operators

were interested in more news and information. If cable operators had that interest and capacity NBC would welcome the opportunity to provide an additional service.

"In fact, based on preliminary conversations with cable operators, we cannot seem to find operator interest in adding a second business service," Mr Wright said.

"But we think there will be a lot of operator support for a broad-based news channel which we will explore with them."

Buy-out attempt at Labatt TV subsidiary

By Robert Gibbons in Montreal

Management of John Labatt's The Sports Network (TSN) is working on a bid for the beer and entertainment group's cable system, following last week's negotiations with other Canadian broadcasters.

TSN is one of the non-brewing assets being auctioned following the C\$325m takeover of Labatt by Interbrew of Belgium. The non-brewing assets include broadcasting interests, baseball and football teams, and 42 per cent of the Toronto SkyDome, together worth an estimated C\$1bn (US\$726m).

Houston Sports Network (ESPN) said it is among several groups working with TSN management on the potential bid. Others include Claridge, the Montreal Bronfmans' holding company, and also Northwest Entertainment, owner of the Vancouver Canucks National Hockey Club.

Canadian interests would represent 70 per cent control - foreign interests are limited to 20 per cent voting control of a Canadian broadcaster.

Acquisition of TSN would

Profits warning wipes \$800m off Rubbermaid shares

Shares in Rubbermaid, the houseware manufacturer ranked as America's most admired corporation for the past two years, continued to fall yesterday after a profits warning on Friday. The shares have lost 16 per cent of their value, or \$800m in aggregate, in the past two trading days, writes Tony Jackson in New York.

Rubbermaid said on Friday that second quarter earnings would be lower than analysts' estimates, in "the low teens to high 20s" cents per share compared with 38 cents last year. It now expects full-year earnings to be \$1.30 to \$1.35, compared with \$1.42 after exceptional gains last year.

The company blamed further sharp price rises in the basic plastics which form its chief raw material. Rubbermaid products include plastic washing-up bowls, rubbish bins and children's toys. Prices of some plastic resins have doubled in the past year, and Rubbermaid said resulting price rises in its own products had reduced sales volume.

The company said it expected price increases to moderate in the second half, but unit volume to pick up. US chemical industry executives expect bulk plastics prices to fall in the second half as a result of new capacity coming on stream at the year end.

Rubbermaid came top in Fortune magazine's Corporate Reputation survey in 1993 and 1994. The shares fell 31% yesterday to \$25.4.

Mafatlal arm to take stake in Tripura Gas

Gujarat Gas, part of the Mafatlal group, has signed a memorandum of understanding to take a 75 per cent stake in Tripura Natural Gas, reports Reuter from Bombay.

Tripura Gas distributes natural gas in Agartala, capital of India's north-eastern state of Tripura.

Gujarat Gas said the Tripura Industrial Development Corp and the Assam Gas Co would each retain an 11 per cent stake.

Gujarat Gas currently distributes natural gas pipeline in several cities in the western state of Gujarat.

Gujarat Gas said the deal would help promote use of the north-east's gas resources by encouraging gas-based industries to set up near Agartala.

Varian to sell electron devices subsidiary

Varian Associates said it will sell its electron devices business to Leonard Green & Partners for about \$200m in cash, plus the assumption of certain liabilities, reports Reuter from California.

The company said the sale was made on behalf of its equity fund, Green Equity Investors II.

The units being sold are located in Palo Alto, San Carlos, and Santa Clara, California; Beverly, Massachusetts; and Georgetown, Ontario. They together employ about 1,700 persons.

With the closing of the sale of its 20 per cent interest in a pulp mill and timberland acreage in Chile to Empresas CMPC, Scott said it has now announced \$24m in sales.

The \$15m sale to Empresas marks the first sale of Scott's pulp operations and timberlands. Scott formally began its push to divest itself of its pulp sector on May 1 1995.

The divestment programme was launched last October in order to eliminate debt and reposition Scott Paper as a pure consumer products company.

Bombardier steps up aircraft production

Bombardier, the Canadian aerospace and transport equipment group, is raising the production rate of its 50-passenger Regional Jet from four to five per month and of the Dash-8 turboprop from three to four a month from September/October, writes Robert Gibbons.

In 1991, Mr Peabody acquired Western Star, a moribund Vancouver heavy truck builder.

He revamped the plant, overhauled management, cut costs and moved Western Star into international markets. He took the company public in May 1994 at C\$1.50 a share - it now trades at almost C\$19.

For the nine months to March 31, the company earned C\$82.5m (US\$82.6m), or C\$2.92 a share, on sales of C\$535m, against C\$12.5m or C\$1.52 on sales of C\$281m a year earlier. The order book stands at 3,300 trucks.

Now Mr Peabody has bought Ontario Bus Industries, a failing city bus builder in Toronto for C\$35m. It was once Canada's biggest city bus builder but production has dwindled and

most of the 1,200 employees have been laid off. Mr Peabody, who divides his time between Australia and Canada, has renamed the company Orion Bus and will set about revamping its operations. The plant takes almost twice the normal number of worker hours to produce a bus, he said.

Western Star's engineering and manufacturing skills will be applied to Orion's new assembly operation. By the year-end the workforce will be 600 in Toronto and 450 in Oriskany, New York, where finishing is done to qualify as US sales under Buy-America rules.

Orion should be working up to annual output of 1,000 buses in early 1996. The Ontario government invested C\$15m in Orion, convertible into a 25 per cent equity stake. Ontario cities will be pressed to channel orders to Orion - city buses carry a 75 per cent subsidy.

SA glass maker ahead to R210m for year

Plates Glass, a prufe industries, the South African glass and board products manufacturer, said it expects continued growth in earnings in the current financial year, but much depends on domestic market productivity improvements and the country's housing drive, reports Reuter from Johannesburg.

Mr Ronnie Lubner, chairman, said in his annual review that drought in Zimbabwe and social political uncertainties in South Africa were "further imponderables".

The company increased attributable earnings to R210m (\$57.16m) in the year ended March 31 from R165m in 1993/94, and declared a dividend of 290 cents for the year, against 230 cents.

Mr Lubner said benefits from its re-engineering exercise in its major domestic manufacturing divisions had started to flow, but the full effects would only be seen on future earnings.

Its Glass SA's capacity requirements were increasing rapidly and the company had brought forward its plan for a second float glass manufacturing line, to be completed before the turn of the century, he said. A viability study is still under way.

Improved productivity and further capital investment in the automotive business would also enable the division to pursue export opportunities more vigorously.

At its BG Bison division, some R120m had been committed to capacity upgrades at existing plants to date, he said.

Scott Paper divestment programme on target

Scott Paper, the US tissue maker, said it expects to meet its target of \$5bn in asset sales by the end of 1995, reports Reuter from Philadelphia.

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Beazer Homes buys back shares

By Maggie Urry in New York

Beazer Homes, the US housebuilding group floated by Hanson last year, is buying back the 29.6 per cent stake still held by US Industries, the diversified business recently demerged from Hanson. The total cost will be between \$41m and \$47m.

Beazer Homes, chaired by Sir Brian Beazer, has bought 1m shares at \$16 each, and paid US Industries \$500,000 for an option to buy the remaining 1.748m shares at a price between \$14 and \$17.50. Beazer Homes has until the end of

September to exercise the option but aims to do so earlier than that.

The price compares with a market price of \$16.4 at Friday's close. To finance the purchase, Beazer is planning to issue \$45m worth of convertible exchangeable preferred stock. Mr David Weiss, chief financial officer of Beazer Homes, said that the initial 1m shares had been bought using borrowings which had a short-term negative effect on the balance sheet.

However, when the preferred stock issue is completed, and depending on the price paid for

All of these securities having been sold, this advertisement appears as a matter of record only.

35,905,000 Shares**Borders Group, Inc.****Common Stock**
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Goldman, Sachs & Co.**Alex. Brown & Sons****Merrill Lynch & Co.****Salomon Brothers Inc****Bear, Stearns & Co. Inc.****C.J. Lawrence/Deutsche Bank****Montgomery Securities****Prudential Securities Incorporated****Smith Barney Inc.****Wertheim Schroder & Co.****Sanford C. Bernstein & Co., Inc.****Cowen & Company****Legg Mason Wood Walker****Piper Jaffray Inc.****Raymond James & Associates, Inc.****The Chapman Company****Gerard Klauer Mattison & Co.****Janney Montgomery Scott Inc.****Roney & Co.****Muriel Siebert & Co., Inc.****Dean Witter Reynolds Inc.****A.G. Edwards & Sons, Inc.****Lehman Brothers****J.P. Morgan Securities Inc.****Morgan Stanley & Co.****Robertson, Stephens & Company****Wasserstein Perella Securities, Inc.****Robert W. Baird & Co.****Advest, Inc.****William Blair & Company****J. C. Bradford & Co.****Edward D. Jones & Co.****Needham & Company, Inc.****Principal Financial Securities, Inc.****The Robinson-Humphrey Company, Inc.****First of Michigan Corporation****Interstate/Johnson Lane****Luther, Smith & Small, Inc.****Scott & Stringfellow, Inc.****Stifel, Nicolaus & Company**

INTL COMPANIES

Australian banking poised for a facelift

BankSA sale may be first in a wave of consolidation, writes Nikki Tait

For months there has been market talk of a flurry of mergers and takeovers in Australian banking. Now, with this month's news that Advance Bank, a Sydney-based regional, plans to acquire the Bank of South Australia from the state government for A\$730m (US\$529m), the speculation seems to be turning into reality.

The first, and simplest, reason for expecting another wave of consolidation is that a number of assets are up for sale.

BankSA itself represented the saleable rump of the former State Bank of South Australia, a high-flying and ambitious institution in the late 1980s which crumbled under multi-billion dollar losses in the early 1990s.

The state government sought between A\$550m and A\$750m from the restructuring assets, and has comfortably achieved its target.

In Perth, meanwhile, the western Australian government is debating what to do with BankWest, another state-owned bank hauled back from losses in the late 1980s, whose sale could yield more than A\$750m for state coffers.

Challenge Bank, a smaller local bank, offered to buy BankWest last year, but management at that stage indicated that it would prefer the institution to be privatised via a stock market flotation. Since then, the authorities have pursued the trade sale and flotation routes concurrently. The first round of trade bids closed earlier this month but the stock market option has still not been ruled out.

The second catalyst for more consolidation in Australian banking is commercial. Bank margins are expected to come under increasing pressure, making the need to maximise cost-efficiency paramount.

Many of the regional banks are oriented towards mortgage lending. But a slow recovery in business lending in Australia and corporate clients' preference for funding expansion from cash-flow or via a direct tapping of the capital markets, has meant that home loans have become the focus of an intense marketing push by the

As for future deals, both regionals and nationals remain in the hunt. Westpac, although tight-lipped about specific situations, has made little secret of its appetite for assets generally. Moreover, the national banks are comfortably - some would say excessively - capitalised, with capital ratios well above statutory requirements.

However, St George, a fierce regional competitor to Advance in the crowded New South Wales market and would-be bidder for BankSA, is thought unlikely to rest on its laurels. Challenge, meanwhile, continues to canvass support for the BankWest deal.

Finally, there is the question of the speed at which any reshaping of the Australian banking sector might occur. Many remember the events of the early 1980s when the sector's profile changed dramatically in a matter of weeks following ANZ's bid for Bank of Adelaide. Over the next 12 months, the number of big banks fell by a third and the Westpac and NAB structures were created.

Analysts agree that where regionals have a low cost base they may be well placed to defend market share. They also note that many of these smaller banks are themselves pushing into the small business loan market.

In the long term, however, many pundits think that the economies-of-scale argument will be inescapable. "There's about a 20 basis-point difference in the cost of raising liabilities at the size they (the

bigger national banks).

Moreover, as in many other countries, non-banking competition is emerging. Some of the larger insurance companies - such as the Australian Mutual Provident - have made clear their intention to compete in the mortgage market. A handful of "niche" lenders, such as Aussie Home Loans, have also been making inroads.

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INTERNATIONAL COMPANIES

Stock market slump takes toll of Japan's life groups

By Gerard Baker in Tokyo

Japan's financial troubles were amplified yesterday when the country's life insurers, among the world's biggest institutional investors, reported stagnant revenues and sharply lower profits amid rapidly diminishing yields on their assets.

The continuing slump in the Japanese stock market combined with the rise in the yen to reduce returns on domestic stocks and all categories of overseas investment in the year to the end of March.

Most of the leading companies revealed that they are now generating yields on their main asset - securities far below the level of their liabilities in the form of life insurance policy dividends.

Their weak financial position suggests they will be forced to continue a strategy of retrenchment from riskier assets, a process that will weigh heavily on both the Japanese stock market and the currency.

The eight leading companies, which between them have assets totalling more than Y135,000m (\$1.602bn), reported a 31 per cent fall in recurring profits, their return from ordinary operations.

More important, while total

assets continued to grow, by 5 per cent, the average return on their securities investments fell sharply, by 1.05 percentage points to 2.78 per cent.

The poor performance was reflected at home and abroad. The Nikkei index of 225 leading stocks fell by more than 15 per cent in the year to March. At the same time, the yen rose more than 15 per cent, more than wiping out any gains made on foreign stocks and bonds.

Industry analysts estimate that the insurers have an average annual rate of interest on their liabilities of about 4.5 per cent. Returns on investments are now well below that figure. In order to maintain solvency, the companies have been forced to supplement their returns on investments with special gains from early surrender of policies and lower-than-expected mortality costs. But they have also had to cut the dividends they promise to new investors and raise premiums developments likely to weaken demand for their products and further undermine their long-term prospects.

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larger payouts. But when the market began its precipitous descent in 1990, their returns began to decline sharply. That process has continued and has been exacerbated in the last year by the sharp rise in the yen, which has reduced the value of the revenue from overseas assets.

Life insurers are now locked into a downward spiral. Their diminishing ability to meet liabilities requires them to opt for safer investments - yen-denominated fixed interest assets

- liquidating their holdings of domestic stocks and foreign currency securities in the process. However, that process is contributing further to the slide in equity prices at home and the surge of the yen abroad, which, in turn further undermines their financial strength.

So for this year, insurance companies have been net sellers of more than Y2,500bn in assets. In the last week alone, heavy selling pressure by the insurers has contributed to a 7 per cent decline in the Nikkei index, which resumed its slide yesterday.

At the same time, in announcing their asset allocation plans for the current financial year, they have demonstrated a growing aversion to overseas assets.

JAPAN'S LIFE INSURERS: YEAR TO MARCH 1995 (Y.bn)							
Total assets	Change on year (%)	Premiums	Change on year (%)	Recurring profit	Change on year (%)	Investment yield (%)	Change on year (% point)
Nippon	+5.7	5,682.3	-2.2	233.5	-13.8	2.94	-0.54
Denki	+6.2	4,083.5	+1.2	105.5	-50.0	2.94	-0.42
Sumitomo	+5.3	3,694.8	+2.2	184.3	-7.5	3.18	-0.73
Asahi	+5.2	1,958.9	+2.0	49.2	-6.5	3.25	-0.75
Mitsui	+5.6	2,621.1	+1.3	60.0	-32.3	3.29	-0.87
Yasuda	+4.7	1,684.9	+1.3	51.1	-86.3	2.00	-1.61
Chiyoda	+6.8	1,652.3	+0.9	48.1	-11.2	3.32	-0.60
	+1.3	1,108.2	+0.7	41.1	-	1.31	-2.54

Source: company reports

Rieter takes over Globe for \$160m

By Ian Rodger in Winterthur

Rieter, the Swiss textile machinery and motor components group, is buying Globe Industries, a Chicago-based supplier of noise control components for the North American motor industry, for \$160m.

Rieter said the move, which is subject to the approval of US anti-trust authorities, was a decisive step in its strategy to become a global supplier of insulation and interior trim parts for vehicles.

It already has a strong position in European markets through its Unilex subsidiary, and has a joint venture in Japan with Nihon Tokushu Toryu (Nitto).

Globe, a family-owned company, is the biggest supplier of noise and vibration control

products to the North American motor industry, with annual sales of \$260m and a workforce of 2,100 at 12 plants in the US and Canada.

It also has a joint venture with Nitto and two other Japanese companies for supplying Japanese motor company factories in the US.

Mr Hans Widmer, Rieter's finance director, said the acquisition would be two-thirds financed from the group's own liquidity, with the vendors taking notes for the remainder. The purchase price was equivalent to about 7.5 times Globe's forecast 1995 earnings before interest and taxes, and no dilution of Rieter earnings was expected.

Globe's management team, except for the chief executive who was retiring, would remain in place.

Kia Motors gains control of telecoms group

Kia Motors, South Korea's second biggest vehicle maker, said it had branched out in the telecommunications sector by buying a controlling stake in a domestic telecom company, Union System Corp, Reuter reports from Seoul.

Kia said its Motors unit and affiliate Kia Precision Works had paid a total of Won4.5bn (\$5.75m) to increase their combined stake in Union to 49 per cent from 19 per cent.

The telecom unit would focus mainly on the trunked radio system, an advanced wireless phone system, Kia said. It would also be responsible for the integration of computer networks linking Kia companies. Kia said it planned to form a consortium with some 40 companies to bid for the right to develop the nation's second TRS project.

MONTEISON

NOTICE OF A GENERAL MEETING OF SHAREHOLDERS

Shareholders of Montedison S.p.A. are hereby convened to attend a General Meeting of shareholders, to be held at Foro Buonaparte 31, Milan on June 27, 1995 at 10.30 A.M. (first call) and, if needed, on June 28, 1995 (second call), same time and place, in order to discuss and vote upon the following items on the agenda:

- Report of the Board of Directors on the Company's operations for the 1994 fiscal year. Company accounts at December 31, 1994. Report of the Board of Statutory Auditors.
- Determination of the number and appointment of directors.
- Change in the terms of the remuneration of the independent auditors for the fiscal year 1994 pursuant to D.P.R. n. 136 of March 31, 1975; relevant decisions.
- Appointment of the Board of Statutory Auditors for the years 1995/1997 and definition of their remuneration.
- Settlement between the Company and some of the former directors concerning the Company's claim for damages pursuant to article 2282 of the Civil Code.

Shareholders are entitled to attend the General Meeting if, at least five days prior to the General Meeting (excluding from the computation the day of the Meeting), they have deposited their share certificates at the Company's registered office or at one of the following financial institutions:

In Italy: Monte Titoli (for certificates deposited with the same), Credito Italiano, Banca Commerciale Italiana, Istituto Bancario San Paolo di Torino, Banca di Roma, Casse di Risparmio delle Province Lombarde, Banca Nazionale del Lavoro, Banco di Napoli, Monte dei Paschi di Siena, Banco Ambrosiano Veneto, Banca Mercantile Italiana, Banca Nazionale dell'Agricoltura, Banca Popolare di Milano, Banca Popolare di Novara, Credito Romagnolo.

Abrax (by appointment of Italian banks according to the Italian law):

In Switzerland: Societe de Banque Suisse - Basel and Zurich, Union de Banques Suisses - Zurich, Banca della Svizzera Italiana - Lugano.

In France: Banque Nationale de Paris - Paris, Banque Paribas-Paris, Societe Generale - Paris

In United Kingdom: Morgan Guaranty Trust Co. - London.

In Belgium: Banque Bruxelles Lambert - Bruxelles.

In Germany: Deutsche Bank, Dresdner Bank - Frankfurt a/Main.

In The Netherlands: ABN-AMRO N.V. - Amsterdam and Rotterdam.

In U.S.A.: The Bank of New York - New York.

On behalf of the Board of Directors
The Managing Director (Enrico Bondi)

THE COMPANY'S FINANCIAL STATEMENTS TO BE APPROVED AT THE MEETING ARE AVAILABLE, UPON REQUEST, FROM MONTEDISON S.p.A., Foro Buonaparte 31, 20121 Milan - Attn. Mr. G.C. Scaramella (Tel. 039.2.8270.5061).

PROCEDURES TO BE FOLLOWED BY FOREIGN SHAREHOLDERS:

- Shareholders wishing to attend must request in writing or by telex that the bank where their shares are deposited issue an admission ticket, if that bank is one of Montedison's above-listed depositary banks; if the bank where their shares are deposited is not one of Montedison's depositary banks, they must request that bank to contact one of the depositary banks so that an admission ticket can be issued. All admission tickets must be issued at least five days before the General Meeting.
- Shareholders wishing to vote by proxy may appoint a proxy only after depositing their shares and receiving the admission ticket in accordance with the procedures described in (a), above. Proxies are to be in writing and cannot be issued to: banks, members of the Board of Directors, Statutory Auditors and employees of Montedison and its subsidiaries.

Please Note: Shareholders may contact the foreign branches of the above-listed Italian depositary banks to expedite these procedures.

Montedison S.p.A. - Registered Office in Milan at Foro Buonaparte n. 31
Share Capital L. 6,058,945,057,000 fully paid in Court of Milan
Register of Companies no. 31063

APPOINTMENTS ADVERTISING

appears in the UK edition every Wednesday & Thursday and in the International edition every Friday

For further information please call:

Andrew Skarzynski on +44 0171 873 4054
Stephanie Cox-Freeman +44 0171 873 3694
Joanne Gerrard +44 0171 873 4153

SARAKREEK HOLDING N.V.

Amsterdam

Notice is hereby given that an Extraordinary General Meeting of Shareholders of Sarakreek Holding N.V. will be held on Monday 26th June 1995 at 11 am at the RAI Congresscentrum, Europaplein 8, 1078 GZ Amsterdam.

The agenda includes:

Proposed to further postpone the establishment of the 1994 Annual Report & Accounts.

Proposed to approve an investment agreement with a private US investment fund.

Proposed to amend the Articles of Association.

Proposed to reduce the par value of the shares from Dfl. 25,- to Dfl. 0.05 in order to enable the issuance of new shares.

Proposed to designate the Supervisory Board to be the competent body to issue shares and to acquire shares.

Miscellaneous.

The complete agenda for this meeting together with information memorandums concerning the investment transaction, the amendment of the Articles of Association and the reduction in par value and the complete text of the proposed Articles of Association are available and can be obtained at:

the Company's head office, Amstelstraat 194, 1079 LK Amsterdam

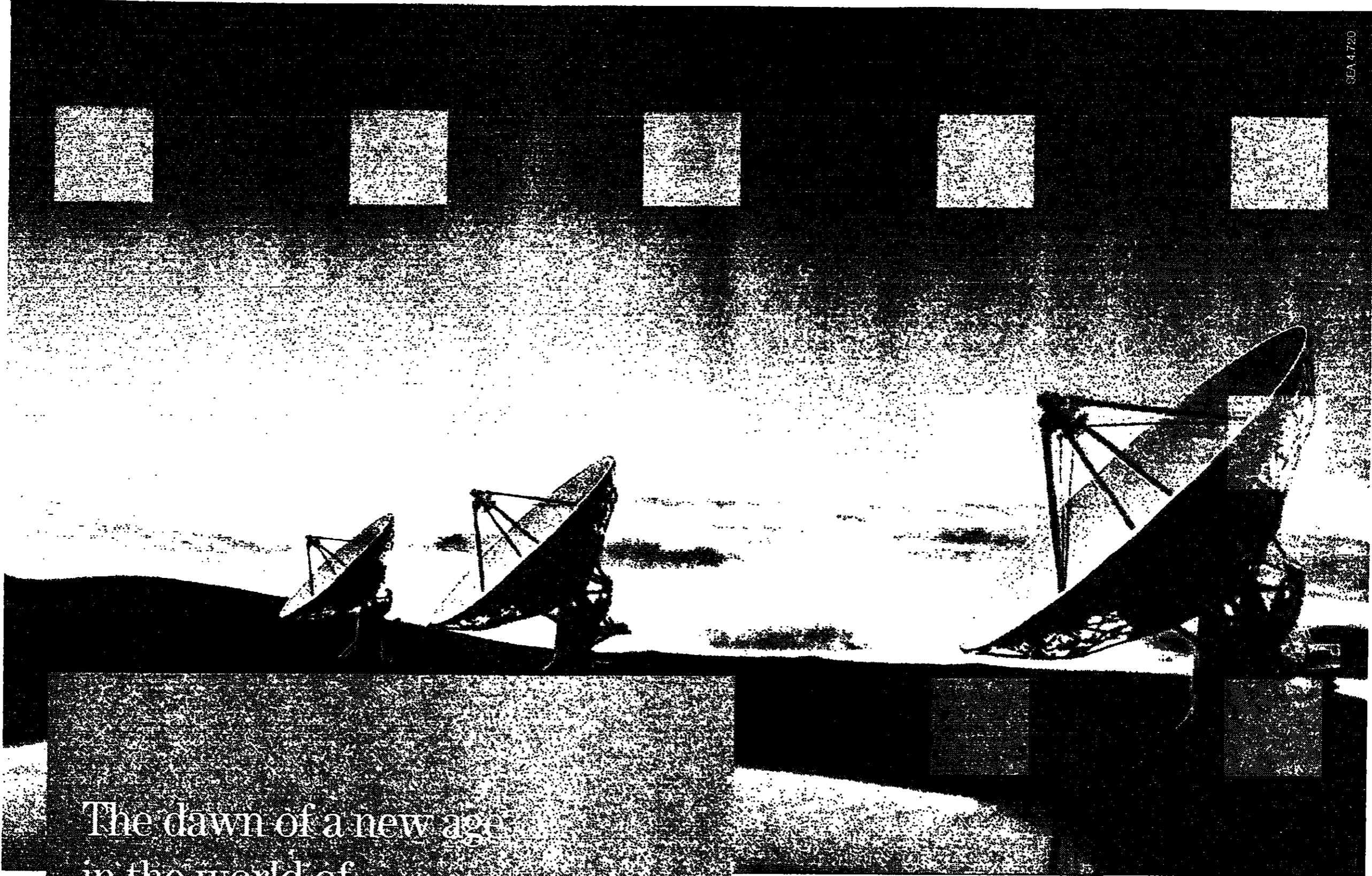
IPO Box 726, 1007 JG Amsterdam

and also at the ABN AMRO Bank N.V., Herengracht 397, Amsterdam

To be able to attend the meeting, shareholders must deposit their shares at the offices of the above-mentioned bank not later than 19th June 1995. The deposit receipt will render entrance to the meeting.

The Supervisory Board

[Signature]



The dawn of a new age in the world of telecommunications

Telecommunications made in Germany has long commanded worldwide respect. Many of the innovative achievements paving the way into the information age bear our hallmark. Deutsche Telekom ranks No. 1 in Europe, No. 3 worldwide and, as a stock corporation, can now play an even more enduring role in shaping the course of progress for the benefit of all.



At the beginning of this year Europe's biggest telecommunications player, Deutsche Telekom, made the move from public sector company to stock corporation.

Deutsche Telekom now a stock corporation. This move opens up a world of opportunity. It not only allows us greater freedom to forge ahead with technological innovation even faster and more effectively in the service of our customers. It also lets us turn progress born of the information age to the advantage of society as a whole. With telecommunications made in Germany we have provided vital stepping-stones on the road to achieving ground-breaking worldwide standards. And we have helped to make the multimedia information society a reality. It was Deutsche Telekom who spearheaded development of the high-performance digital ISDN network and shared in masterminding GSM, the most efficient mobile communications standard in the world today. We were also the first to use ATM, the transmission system which sets the pace on today's Information Superhighway.

Building strength through partnership.

Deutsche Telekom is currently in the process of forging one of the most dynamic global alliances with other international partners. For a host of major national and international concerns operating in as many different fields, we have a great deal to offer when it comes to interactive partnership. With our own branch offices at the hub of key global markets, we create the perfect platform for supplying the full range of state-of-the-art telecommunications technology that knows no frontiers. Our expertise and investment input in Eastern Europe reflects the strength of our commitment in the region, generating a real motive force behind these future markets.

You can share in our success.
Get to know our products and services honed to your special needs and you'll get to feel the cutting-edge of tomorrow's technology. Come join the fast lane to the future.

Our connections move the world.

Deutsche
Telekom

COMPANY NEWS: UK

European rise offsets US fall at Salvesen

By Geoff Dyer

Christian Salvesen, the distribution and specialist hire group, which last year reported its first drop in annual profits since the 1970s, yesterday announced a modest return to profits growth.

However the figures were below analysts' expectations, leading the shares to drop 7p to 253p.

Pre-tax profits increased 5 per cent from £7m to £7.7m (£122m) in the year to March 31. This excluded an exceptional profit of £2.9m from the sale in March and April of its brick, concert lighting and pollution control businesses. These businesses contributed £6.1m to operating profits.

The pre-exceptioal figure was lifted by a one-off £2.5m profit from the unwinding of interest rate swap contracts.

Group turnover advanced by 16 per cent to £246m (£358m).

The European distribution division improved operating profits by 23 per cent to £36.5m.

Mr Chris Masters, chief executive, said that the division had won £37m of new business over the year around half from industrial customers including Lucas, Pirelli and ICI. Although distribution margins in Europe were not rising, there was no longer "massive margin pressure".

Profits from US distribution fell 15 per cent to \$12.8m (£8.1m) due to margin pressure and problems at the site in Buffalo, New York.

Aggreko reported a 2 per cent drop in profits to £25.7m because of a poor performance in Germany.



Chris Masters: no longer 'massive margin pressure'

French purchases behind Chamberlain Phipps' rise

By Patrick Harverson

Chamberlain Phipps, the shoe materials and footwear group, reported maiden annual results showing sharply higher profits in the wake of improved margins, strong export growth and the first contribution from several key acquisitions.

Pre-tax profits jumped from £4.4m to £12.4m (£20m) for the year to April 1, while turnover climbed to £139.4m (£77.2m). Mr Dan Sullivan, chairman,

said that, on a like-for-like basis, pre-tax profits for the year rose by 23 per cent to £13.2m, against £10.7m.

The figures were boosted by a one-off consultancy fee of £1m earned on the acquisition of a footwear company by a venture capital group.

Mr Sullivan described current trading conditions as similar to a year ago, with the UK market remaining soft due to a subdued retail sector and orders in the company's all-im-

portant French market failing to match the strength shown at the start of the spring/summer season.

The footwear business saw turnover advance from £38.9m to £101.3m and operating profits from £2.7m to £10.2m as the results of the 1994 French acquisitions, Groupe SAC and Thierry, were included for the first time, along with a modest contribution from Knapp, the US industrial shoe company purchased in January.

Mr Sullivan described current trading conditions as similar to a year ago, with the UK market remaining soft due to a subdued retail sector and orders in the company's all-im-

Bakyrchik sees end of delays

Mr David Hooker, chairman of the loss-making Bakyrchik Gold, said yesterday: "It has been damn tough over the past nine months but the problems have now been sorted out," writes Kenneth Gooding.

He was speaking after the company reported a loss of \$3.5m for the year to March 31, against a loss of \$635,000 for the 11 months to March 31.

Commissioning the plant to process the complex ore at the mine in north-eastern Kazakhstan has taken longer and cost more than expected. Mr Kevin Foo, chief executive, said the delay was between seven and nine months and the cost between \$6m and \$8m.

The joint venture, of which the Kazakh government holds 60 per cent, remained optimistic the plant would achieve

output of 30,000 troy ounces a year after it was handed over by the engineering contractor later this month.

Trial mining had started after a feasibility study indicated an underground project generating 265,000 ounces a year would be viable. This would cost \$100m, said Mr Foo, but Bakyrchik would not be seeking more money from shareholders.

Oriflame ahead 13% and seeks growth in India

By David Blackwell

Good performances in Latin America, and southern and eastern Europe lifted profits by 13 per cent at Oriflame International, the door-to-door cosmetics group.

Pre-tax profits rose from £1.6m to £1.8m (£25m or £15.1m). The associate's profits were 20 per cent higher at £10m.

Although group sales fell from £26.7m to £25.1m, sales from direct marketing were unchanged at £24.1m.

Of the remaining sales, £1.7m was contributed by Aco Hud, the Swedish lottery brand. Hallberg, the last remaining interest in jewellery, was sold halfway through the year; it contributed £5.2m - less than half the amount for the previous year.

He is aiming for 100,000 agents in India over the next three years. The group's total number of agents last year grew from 71,639 to 80,022.

The move into India reflects the group's interest in emerging markets, which it feels offer real scope. Four years ago

Paterson Zochonis Polish buy

By Christopher Bobinski in Warsaw

Paterson Zochonis, the soap and cosmetics manufacturer which owns Cussons, the Belgium-based pharmaceutical leaflet manufacturer, for a maximum consideration of \$5.2m.

Under the terms of the deal, signed yesterday, Paterson Zochonis is to invest a further \$10m in Pollena Uroda over the next five years and to reinvest the company's net profits for the next three years.

Last year, Pollena Uroda, which specialises in cosmetics for women, reported a 7.4m zlotys net profit.

The purchase by Paterson Zochonis is the UK company's second stake in Poland. It bought the Pollena Wroclaw soap and detergent works in Wroclaw in 1983.

The group also yesterday announced annual pre-tax profits up 72 per cent.

Field Group buys drugs leaflet group

By Motoko Rich

Field Group, the carton maker, yesterday announced the acquisition of Press Pharma, the Belgium-based pharmaceutical leaflet manufacturer, for a maximum consideration of \$5.2m.

Mr Keith Gilchrist, chief executive, said the acquisition would have considerable overlap with the group's existing pharmaceutical carton maker, Meine. The group paid an initial £3.5m in cash and additional payments are subject to the acquisition's future performance.

The group also yesterday announced annual pre-tax profits up 72 per cent.

Business had seen a sharp drop in volumes in April and May. "Until March we were running ahead of budget," he said. The slowdown had been sudden - almost overnight, he added - and as yet there were no indications whether it would last.

The difficulties had been exacerbated by a price war in the doors market, with one company leading the offensive. The pressures meant Magnet's performance would be flat in the second half.

His comments led analysts to

cut forecasts for the former

property and commodities

LEX COMMENT

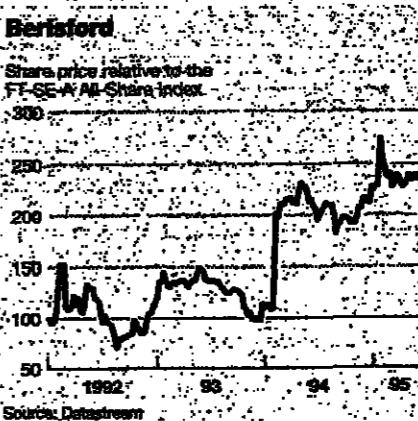
Berisford over-reaction

The 15 per cent fall in Berisford's share price yesterday is an over-reaction. True, the company was a glamour stock and thus vulnerable to disappointments. But the scale of the profits short-fall within Berisford as a whole is not big enough to warrant so dramatic a response.

A price war in the door manufacturing industry is the immediate cause of the profits downgrades. It has led Hanco Govett, Berisford's broker, to reduce its full year forecast for Magnet from £1.6m to £1.5m. This is a large decrease, but it should be set in context. The net price paid for Magnet last year was a modest £23m, so even on the reduced level of profitability the purchase still looks an excellent deal. Moreover, the impact on the expanded group is limited. Berisford is expected to make £23m in the year as whole, reflecting a strong contribution from the recently acquired Welbit.

The prognosis would be bleaker if the malaise affecting doors had spread into the kitchen market, which accounts for 50 per cent of Magnet's sales. So far this is not the case, and the management claims to have halted door losses.

Credibility has been dented by yesterday's



disappointments, but there will be time for this to be restored. No big share-financed acquisition is planned for the next 18 months, during which time Welbit should deliver on its promise and Magnet should come right. The shares, now on a market rating rather than a premium, look attractive - so long as there are no more nasty surprises.

EuroDollar warns of worse first half

By Geoff Dyer

EuroDollar (Holdings), the car rental company which floated in July, recorded a 16 per cent rise in annual pre-tax profits.

However the shares, which were 220p at flotation, fell 20p to 200p after the company said that profits in the first half of this year would be lower than last time.

In the year to March 31 profits rose from a pro forma £12.6m to £14.6m (£23m) or turnover up 16 per cent higher at £85.9m (£72.8m).

Mr Ian Mosley, chief executive, said that there had been "severe pressure" on prices and margins in the second half this year.

The group reported pre-tax losses of £6.3m in 1994. As the group's contracts were negotiated annually, the effect of this would not be seen until this year's interim results.

Cost of sales rose 24 per cent to £25.7m (£19.2m). Mr Mosley said that this was a result of a higher proportion of personnel business which led to increased vehicle costs, especially on insurance and vehicle repair.

EuroDollar added eight branches in the UK during the year taking the total to 110. It is aiming to expand its international network, which at present covers 37 countries, into Saudi Arabia and South Africa this year.

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INTERNATIONAL CAPITAL MARKETS

Heavy futures selling drags Europe lower

By Graham Bowley in London
and Lisa Bransten
in New York

European government bonds retreated yesterday as the bearish trend that triggered last week's sharp sell-off continued.

Investors took flight last week after Mr Alan Greenspan, chairman of the US Federal Reserve, voiced doubts about the likelihood of a recession in the US.

They were further unnerved by rumours that Japan's Minister of Finance had recommended that Japanese institutional investors stop buying US Treasuries.

This prompted a reassessment of the growth prospects of the US and European economies and caused a sharp correction in most government bond markets. Optimism about a slowdown in the US and Europe had fuelled strong gains in government bond markets in recent months.

Markets yesterday edged

sideways in nervous trading before heavy selling in the futures pits prompted by a subdued opening to the US Treasury market dragged most European markets lower.

■ German government bonds fell back sharply, plagued by speculation about the likely direction of German interest rates after the Bundesbank council meeting tomorrow.

Traders think the Bundes-

bank might move to lower rates, in spite of comments yesterday by council members that such a move would be unlikely. The comments disappointed traders and dragged prices lower.

■ UK government bonds pared most of their early gains, falling in line with other European markets to end the day only slightly ahead.

Traders said investors remain nervous after last week's heavy losses.

The market is still very weak and dependent largely on

confidence in the US," said Mr Andrew Roberts of UBS.

"There has been a change in sentiment and we now need more evidence of a slowdown and of better international markets."

■ Gifts rose in early trading on the back of weak producer price data, but fell back as bonds turned lower.

GOVERNMENT BONDS

■ France tracked bonds lower with little domestic news to drive prices.

"The market is on hold until after the mini-budget at the end of this month, which will give investors a better idea of the government's stance on fiscal policy," said Mr Tom O'Shea of Salomon Brothers.

■ Italian government bonds fell sharply over fears that Mr Silvio Berlusconi's victory in the weekend's referendums on commercial television owner-

ship will jeopardise recent progress on budgetary reform.

Investors feared that the former Italian premier's victory would strengthen his hand and lead to political instability.

■ Swedish government bonds were one of the worst performers, after spending cuts proposed by the government as part of its attempt to meet EU convergence criteria failed to convince investors that it is able to stabilise public debt.

■ US Treasury prices were volatile through the morning yesterday as traders awaited fresh economic data due today for signals about the strength of the economy.

By midday, the benchmark 30-year Treasury was 4 lower at 1114 to yield 6.72. At the short end of the maturity spectrum, the two-year note was up 4 at 100 1/2 to yield 6.952.

Economists expect retail sales to have rebounded by about 0.8 per cent after the 0.4 per cent decline shown in April.

increased, which led to a strong performance by Treasury bonds on overnight trading in Tokyo and London.

However, bonds slipped from their highs later in the morning as the dollar fell against the Japanese yen and the D-Mark due to fears that the US and Japan would not be able to resolve the trade dispute over Japan's car market.

In early trading the dollar was changing hands at Yen 84.52 and DM 1.4055 against Yen 84.52 and DM 1.4055 late on Friday.

Bonds were expected to be volatile within a narrow range all day because traders had little in the way of data on which to base their decisions. They were looking to today's release of figures on May retail sales and consumer prices for signals about the strength of the US economy and the future of monetary policy.

Economists expect retail sales to have rebounded by about 0.8 per cent after the 0.4 per cent decline shown in April.

OTC derivatives surge despite adverse publicity

By Richard Lapper

The growth of the over-the-counter interest rate swap market in the second half of 1994 nearly matched the record levels of the first six months, according to figures published yesterday.

Turnover for the full year in OTC derivatives surged with the notional value rising by 46 per cent to \$1.13bn, according to the International Swaps and Derivatives Association (ISDA), which represents participants in the OTC market.

The figures underline the buoyancy last year of the OTC derivatives market, despite adverse publicity following a series of corporate losses.

The continuing growth in swap activities confirms the widespread recognition of their benefits as a risk management

tool, even in challenging market conditions," said Mr Gay Evans, chairman of ISDA and managing director of Bankers Trust International in London.

The notional principal is an amount used to calculate cash flows and does not gauge risk. The market value or credit risk of these transactions typically amounts to 1 per cent to 2 per cent of the notional principal involved, according to ISDA.

The figures – based on data supplied by 88 international dealers and compiled by Arthur Andersen – show that in 1994 OTC swaps accounted for 23 per cent of interest rate swap activity and D-Mark accounted for 10 per cent of activity, with transactions up 45 per cent.

The ISDA figures do not cover securities with embedded derivatives characteristics such as mortgage-backed obligations and structured notes.

Tennessee Valley set to launch global issue today

By Antonia Sharpe

Tennessee Valley Authority (TVA), the US government-owned power utility, is expected to launch its global bond offering this afternoon.

The 10-year issue, TVA's first bullet bond since 1988, is likely to raise about \$1.5bn at a

spread of 30 to 32 basis points over US Treasuries.

Mr Craven Crowell, TVA's chairman, said the offering is part of TVA's global expansion plans. He added that the company, which borrows about \$4bn annually, hoped to return to the international bond market in the future.

Syndicate managers expect the offering to go well, in spite

of the current volatility in the bond markets. "The market would like to see some other US agencies; it is tired of the 'T' name," said one manager, referring to the various US federal mortgage agencies which have launched deals in the past year.

TVAs deal, which is being arranged by Lehman, is one of several debut offerings due this week. Mr Tony O'Reilly's Independent Newspapers is expected to launch its £75m 10-year eurobond issue today, via Bankers Trust. The indicated price range is between 90 to 105 basis points over UK government bonds. Since the bonds will be issued by a UK subsidiary of the Irish company, they will be eligible for UK corporate bond peeps.

The third new entry this week will be NationsBank, the fourth-largest US banking com-

pany, whose floating-rate offering is expected on Thursday. The five-year deal, with a margin between 20 and 25 basis points over Libor, is likely to raise at least \$500m.

Some established borrowers are also looking at the market. Asian Development Bank is close to launching a Y35bn offering of 10-year eurobonds, but the market favours a five-year issue, which could

be priced at about 24 basis points over Treasuries.

A DM500m five-year offering for Denmark was the main deal yesterday. Priced to yield 22 basis points over the German government's medium-term notes, syndicate managers said it compared unfavourably with last week's offering of 37 basis points over US Treasuries, but the market traded at

a five-year issue, which could be priced at about 24 basis points over Treasuries.

The Chicago Mercantile Exchange plans to launch a futures contract on the Brazilian real and will implement a series of reforms in its existing futures and options contracts on eight foreign currencies in an attempt to bolster volume in its currency division.

The CME's 23-year-old foreign currency division has seen volume contracts stagnate, even as the private bank market for foreign exchange has ballooned.

Although the exchange has attempted to lure more of the interbank business on to its trading floor in recent years, many of its initiatives, including a "rolling spot" forward contract, have attracted little interest.

Bank traders say they have limited need for exchange-traded derivatives in currencies that have liquid forward mar-

kets and some have complained that the CME's markets are geared toward retail customers, and are cumbersome for larger traders to use.

In reforms announced yesterday, the CME said it would allow large orders in foreign currency futures to be matched electronically on the trading floor at a single price. A spokeswoman said orders would have to be "several hundred" contracts, and smaller orders would continue to be filled by open outcry trading.

The exchange will also experiment with allowing institutional customers to speak directly to pit brokers over telephone lines, to increase confidentiality and speed up order execution. Brokers are currently prohibited from having telephones in the pits, so orders must be relayed by floor clerks. Traders said the new system would allow more privacy and faster execution.

The exchange said in addition to the real, it is considering listing contracts on the Spanish peseta and the Italian lira. The CME currently trades futures and options on the Australian dollar, British pound, Canadian dollar, D-Mark, French franc, Japanese yen, Mexican peso, and Swiss franc.

CME to bolster currency side

By Laurie Morse in Chicago

The Chicago Mercantile

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limited need for exchange-traded derivatives in currencies that have liquid forward mar-

ket conditions," said Mr Gay Evans, chairman of ISDA and managing director of Bankers Trust International in London.

The notional principal is an amount used to calculate cash flows and does not gauge risk. The market value or credit risk of these transactions typically amounts to 1 per cent to 2 per cent of the notional principal involved, according to ISDA.

The figures – based on data supplied by 88 international dealers and compiled by Arthur Andersen – show that in 1994 OTC swaps accounted for 23 per cent of interest rate swap activity and D-Mark accounted for 10 per cent of activity, with transactions up 45 per cent.

The dollar continued to dominate the OTC market, with transactions rising by 31 per cent. However, the yen and D-Mark are gaining popularity.

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surge publicity

FINANCIAL TIMES TUESDAY JUNE 13 1995 *

MARKETS REPORT

Political worries return to weigh on Italian lira

The lira yesterday fell on the foreign exchanges as traders took a sceptical view of the success of Mr Silvio Berlusconi in Sunday's referendum on media ownership, writes Philip Garfitt.

Mr Berlusconi's success was seen as increasing political uncertainty in Italy while reducing the prospect that necessary, but difficult, economic decisions would be taken.

Political developments also contributed to a weakening of the peseta, with a row over abortion threatening to jeopardise Catalan support for the ruling Socialist party.

The lira closed in London at £1.180 from £1.167 against the D-Mark. The peseta finished at Pt86.88 from Pt85.75.

Elsewhere, the dollar traded in a fairly narrow range, albeit with a negative bias. Traders are reluctant to push the currency too much lower ahead of the G7 summit, and faced with the possibility of central bank intervention.

The dollar finished at DM1.4029, and ¥84.14, from DM1.3973 and ¥84.25 on Friday.

Sterling had a quiet day, closing at DM2.2396 from DM2.2242. Against the dollar it finished at \$1.5985 from \$1.5999.

The weakness of the lira reflects the market's disappointment that it may be deprived of the quiet life it was looking for, including meaningful fiscal and pensions reform, under Mr Lamberto Dini, the incoming prime minister.

Mr Peter Farley, analyst at MMS in London, said: "The market view is that the longer you have one government in place the more likely something will be achieved."

Contrary to market hopes, Mr Berlusconi said he felt enc-

tions should be held by the autumn. There was also some support for this view from left wing politicians.

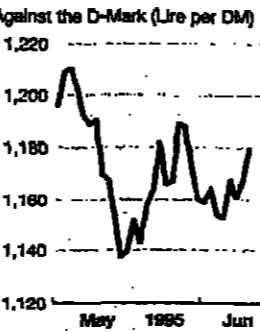
Mr Dini, however, said there was no link between the referendum and the life of the government, saying that the earliest Italy could hold polls would be in October.

Mr Farley said that despite the weakening in the lira, there had been little sign of any aggressive selling. He said there was no substantiation for rumours of Bank of Italy support for the currency.

The other main theme in Europe was the exchange rate mechanism and single currency project, which produced a stream of comments from various quarters.

Mr Dini said in a newspaper interview that a single currency before the year 2000 was unlikely. He added, though, that Italy might try and rejoin the exchange rate mechanism by the year-end.

Sweden was also considering similar issues, with the government presenting a plan to bring the country into line

Lira
Against the D-Mark (Lire per DM)

Source: Datstream

with EMU convergence criteria. Mr Goran Persson, finance minister, said he did not exclude the possibility that talks on joining the ERM might start this year. He said this would only be possible, though, when fundamental financial imbalances in the economy were corrected.

While the dollar is likely to stay in a fairly narrow range up to and through the G7 summit, sentiment remains fairly negative. One factor which could yet result in further yen strength is the weakness of the Japanese stock market, which closed below 15,000 for the first time since August 1992.

Mr Mark Geddes, treasury strategist at HSBC Markets in London, said: "In the recent past sharp falls in Japanese stocks has been a good lead indicator of fresh yen strength, as weakness in domestic markets has reduced the prospect of short-term capital exports required to offset the positive

bias implied by the current account surplus."

There are also fears of US-Japan relations getting increasingly acrimonious in the run-up to the summit. Mr Jeremy Hawkins, chief economist at the Bank of America in London, said comments from Mr Robert Rubin, US treasury secretary, telling Japan to revalue its economy, amounted to "the sword being sharpened".

He cited the strengthening of the Swiss franc as "the classic reflection of a flight to quality, because people don't know how well G7 governments will get on with each other."

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OFFSHORE INSURANCES

INSURANCES

MARKET REPORT

Equities firmer ahead of crucial economic data

By Steve Thompson, UK Stock Market Editor

Trading in UK equities began what promised to be a busy week, fuelled by a barrage of economic news, in traditional Monday fashion yesterday. The market shrugged off early weakness and thereafter made steady if rather sluggish progress, helped by a strong opening by Wall Street.

At the close of trading the FT-SE 100 index was standing 6.9 higher at 3,646.5. The FT-SE Mid 250 index, however, substantially underperformed the senior index, sliding 19.6 to 3,659.3. Over the past two trading sessions the Mid 250 has fallen more

than 38 points, or 1 per cent.

Worries that Friday's worrying slide in the Dow Average - which at one point fell some 50 points, triggering Wall Street's "circuit breakers" - would carry over into the new week came to nothing. The Dow opened in fine fettle and was up almost 40 points an hour after London closed.

There was some slight concern, however, at the continuing lack of progress by US Treasury bonds, bonds and gilts. Long-dated gilts, up more than 1% early in the session, slipped back to unchanged before edging ahead at the close.

Most dealers, while unconvinced that Wall Street will be able to hang

on to its recent gains, still see room for modest upside in UK equities. They warned, however, that the marketplace could turn into a minefield this week as the economic news unfolds and as many of the big international futures and options contracts expire at the end of the week.

Today brings the first of a long list of economic numbers from the US, notably consumer price data and retail sales for May. The inflation numbers will be closely scrutinised for signs of inflationary pressures, which could have a big influence on the July 6 meeting of the US Federal Reserve Open Market Committee.

As for the UK, marketmakers said Wednesday and Thursday will be crunch days for the market as details emerge on average earnings, unemployment figures, unit wage costs, inflation and retail sales. On Wednesday evening Mr Kenneth Clarke, the chancellor of the exchequer, is expected to outline his inflation target for the rest of the parliamentary term in his annual speech at the Mansion House.

Share prices were marked down at the outset of trading, with marketmakers lowering their opening prices to try to tempt sellers into the market in the wake of Friday's retreat on Wall Street. The FT-SE 100 began trading almost 10 points lower but quickly clawed back early losses.

Small pockets of buying interest, plus some defensive activity linked to the expiry of many derivatives products later in the week, kept turnover ticking along quietly and produced a handful of good performers in the two main indices. And with Wall Street performing in good heart although off its best levels.

Kleinwort Benson, a favourite market bid target, surged ahead again, with dealers taking the view that the long hoped for approach from one of the German banks will appear sooner rather than later.

Price war full lift for MGN

A lull in the tabloid price war led to an upturn in activity at Mirror Group Newspapers. The shares rose 3% to 1274p in 6.5m traded - more than six times the recent daily average - as analysts ran their calculations over the possible permutations arising from the cover price rising at the Sun, the Mirror newspaper's arch rival.

With the Sun newspaper cover price moving from 23p to 25p, it discount against the Mirror narrows to just 2p. The Mirror may simply hold firm on cover price. But the betting among sector watchers was that it will edge higher, and with every penny on the price worth the best part of 26m to after-tax profits it has clear incentive to do so.

The party atmosphere was also sustained by cable hopes. MGN's television operation went "live" yesterday evening at a launch party well attended by City media specialists.

C&W active

Cable and Wireless, which has lagged behind the market as a whole by 5 per cent over the past month, clawed successfully out of the 40p range on the back of deal speculation in both London and the Far East. The shares closed at the head of the Footsie performance charts with an advance of 7 at 412p.

Hong Kong talk that Citic

Pacific, the Chinese investment group, was set to sell its 12 per cent stake in Hong Kong Telecom, C&W's big money spinner, laid the ground for all sorts of speculation: while in London a weekend press report that BT had sought official clearance to mount a bid for C&W led a run of rumour and counter-rumour.

On a notional sum of the parts basis, C&W's shares are valued by most analysts at around 600p and, as a result of this, pressures for a realisation of shareholder value are never far below the surface.

But talk of a bid from BT was felt by sector watchers to be misplaced. According to NatWest Securities, bids for C&W would need to start at £12bn - around half BT's market capitalisation - which the house saw as too big a gamble at the current delicate stage in the Hong Kong hand-over to China.

Hit by a building accessory price war, the interim statement from Berisford caught the market wrong-footed and the shares delivered the worst performance in the FT-SE Mid 250 Index with a decline of more than 15 per cent.

The diversified industrial has been caught out by aggressive price cuts at doors rival Spring Ram. The resultant problems at its Magnet joinery business entirely overshadowed a strong set of half-time numbers.

Analysts were quick to downgrade profits for the full year. ABN-Amro Hobar Govett has reduced from 83m to 22m, and has taken an even harder look at next year's results, coming down from £5.5m pre-tax to 24m.

Berisford finished 39 weaker at 219p. The shares, within a whisker of their 1985 low, which this year come down from a peak of 270p, Norros which also has a few doors and jointer subsidiary, declined 4 to 80p.

A two-way pull in Commercial Union brought turnover of 6.2m by the close of the session, with the shares finally unchanged at 606p. Dealers pointed to Morgan Stanley as one of the day's big buyers of the stock. The list of sellers was said to have included Kleinwort Benson advising investors to "take profits".

Mr Martin Huges at Credit Lyonnais said: "Any bid for Kleinwort indicates the value placed on its fund management business, but in such a case, we prefer an investment in Warburg which we regard as a cheap way in to Mercury Asset Management." The latter is 75 per cent owned by SWM Advanced in MAM advanced to 112p.

All eyes were on Kleinwort Benson, as market talk continued to suggest that the UK merchant bank will soon be the subject of an agreed bid.

Scottish & Newcastle fin-

ished 3 ahead at 544p, after news that the 7 per cent jump of its recent rights issue to fund its acquisition of brewer Courage, had successfully been placed with institutions.

Shares in Glaxo Wellcome

moved 11 ahead to 745p, after Kleinwort Benson reiterated its buy recommendation on the stock. However, the securities house is believed to be less enthusiastic about Zeneca, urging investors to sell the stock. The shares recovered from an early retreat to finish a penny ahead at 1040p, after a period of 1m.

ED & F Man Group improved 4 to 161p after a strong buy recommendation from Credit Lyonnais which said: "The current rating suggests the dividend will be cut. But a discounted cash flow analysis suggests the dividend stream is worth 235p per share."

In foods Tate & Lyle gained 3 to 46p, following a positive note from Lehman Brothers, the US investment bank. Upgrading its recommendation from neutral to outperform, analysts at the bank said: "Tate & Lyle has minimal exposure to the very tough retailing environment in the UK making it one of the more attractive investments in the food manufacturing sector."

Profit-taking in Unigate, which reported figures in line with market expectations left the shares 3 lighter at 40p. Nervous trading ahead of today's final figures from Northern Foods saw the shares relinquish 2 to 12p.

Among water stocks, Severn Trent eased 4 to 580p, ahead of today's preliminary figures. In a pre-results note, NatWest Securities said the group has "the opportunity to demonstrate its commitment to share holder value but will it grasp it? Recent share price performance suggests that it is expected to and the new chairman has relented."

Engineering stocks took a pounding as sentiment swung against the sector on the back of worries for a less than soft landing for the US economy. Not all analysts subscribe to the view that the US is about to tip over into recession, but there were enough real fears around for the big North American plays to ram smash into the buffers on a day on thinning trading.

Among Footsie stocks, TI Group and Siebe, both of which get around 50 per cent of group turnover from across the Atlantic, fell steeply. TI retreated 10 to 380p and Siebe

came off 6 to 630p. SWF and FKI closed 5 lower at 306p and 141p respectively.

Among water stocks, Severn

Trent eased 4 to 580p, ahead of today's preliminary figures. In a pre-results note, NatWest Securities said the group has "the opportunity to demonstrate its commitment to share holder value but will it grasp it? Recent share price performance suggests that it is expected to and the new chairman has relented."

LONDON RECENT ISSUES: EQUITIES

Issue date: Jun 12. Price: P up/ down. P/ up/ down. Price: P up/ down. Net Div. Grs P/E

Open 8.00 10.00 11.00 12.00 13.00 14.00 15.00 16.00 High Low Stock

Ordinary Share 2504.8 2510.5 2508.4 2514.2 2512.4 2514.2 2513.7 2510.7 2516.5 2503.9

Ord. Div. yield 4.25 4.28 4.21 4.21 4.24 4.73 4.20

P/E ratio 15.74 15.73 15.91 15.89 15.81 14.75 21.25 15.73

P/B ratio 15.50 15.48 15.87 15.85 15.86 19.44 22.21 15.49

For 1995. Ordinary Share index: date compilation high 2713.6 2029/4 low 1942 269/40

FT Ordinary Share index: date compilation high 2713.6 2029/4 low 1942 269/40

FT-SE 100: 3344.6 +6.9 2512.6 +0.2

FT-SE Mid 250: 3669.3 +10.8 2674.7 +0.7

FT-SE A-All Share: 1681.8 +0.3 1681.0 +0.3

10 yr Gilt yield: 8.18 +0.15

Long gilt/equity risk ratio: 2.08 +0.09

FT-SE-A All-Share Index

Indices and ratios

FT-SE 100 3344.6 +6.9 2512.6 +0.2

FT-SE Mid 250 3669.3 +10.8 2674.7 +0.7

FT-SE A-All Share 1681.8 +0.3 1681.0 +0.3

10 yr Gilt yield 8.18 +0.15

Long gilt/equity risk ratio 2.08 +0.09

Source: FT Graphic

Best performing sectors

1 Pharmaceuticals +0.2

2 Breweries +0.7

3 Banks, Merchant +0.6

4 Electronic & Elec Equip +0.5

5 Diversified Inds +0.5

Worst performing sectors

1 Water -1.3

2 Property -0.9

3 Building Materials -0.7

4 Engineering, Vehicles -0.7

5 Diversified Inds -0.6

FUTURES AND OPTIONS

■ FT-SE 100 INDEX FUTURES (LFFE) 225 per full index point

Open 3360.0 +24.0 3360.0 +24.0

Sett. vol. 3367.0 +33.7 3367.0 +33.7

High 3390.0 +7.0 3390.0 +7.0

Low 3350.0 +0.0 3350.0 +0.0

Source: FT Graphic

Best performing sectors

1 Pharmaceuticals +0.2

2 Breweries +0.7

3 Banks, Merchant +0.6

4 Electronic & Elec Equip +0.5

5 Diversified Inds +0.5

Worst performing sectors

1 Water -1.3

2 Property -0.9

3 Building Materials -0.7

4 Engineering, Vehicles -0.7

5 Diversified Inds -0.6

TRADING VOLUME

■ Major Stocks Yesterday

Vol. Closing Day's price change

BT 2,200 +2,200 +0.00

Abbey National 1,600 +472 +0.00

Barclays 2,400 +540 +0.00

Afford Domestic 1,600 +540 +0.00

Anglo American 500 +120 +0.00

Argus Group 4,200 +324 +0.00

Arco Wharf 1,700 +240 +0.00

Associated Bus Ports 177 +268 +0.00

BART 1,200 +160 +0.00

BET 4,200 +124 +0.00

BHP 2,700 +703 +0.00

BPFC 4,200 +345 +0.00

Brown & Root 1,200 +120 +0.00

BT 2,000 +625 +0.00

BTG 1,200 +324 +0.00

British Aerospace 1,200 +324 +0.00

British Airways 2,000 +402 +0.00

British Gas 2,000 +501 +0.00

British Steel 2,000 +167 +0.00

Brown & Root 1,200 +120 +0.00

Brown & Root Int'l 1,200 +120 +0.00

Brown & Root Int'l 1,200 +120 +0.00

Brown & Root Int'l 1,200 +120 +0.00

Our shares are heading in the right direction. VIAG

For information, please call us now.

Have you

Over your competitor's
delivery services are

Financial

NYSE COMPOSITE PRICES

4pm close June 12

1985																			
High	Low	Stock	Wk	V	Wk	E	1985	High	Low	Stock	Wk	V	E	1985	High	Low	Stock		
Continued from previous page																			
401- 373-S Saxon	0.64	0.49	19	25.6	49	4	30	23	17	-	-	161- 115-L LJD	0.56	0.43	14	126.3	127	129	127
227- 151-S Snidge	1.56	1.1	18	55	22	21	21	27	21	-	-	162- 145-USP Corp	0.80	0.58	10	10	104	104	104
104- 8-S SnetechPhs	0.16	0.0	10	1884	110	10	10	10	10	-	-	163- 61-T TRW	2.00	2.5	13	1064	78	78	79
12- 9-Spafac	0.05	0.04	29	1464	13	12	12	12	12	-	-	164- 25-V Taiwan Fd	0.02	0.1	268	239	23	23	23
37- 23-S SharpPcs	1.08	0.9	13	130	37	36	36	36	36	-	-	165- 7-H Taiwan Pcs	0.42	0.47	17	417	84	84	84
201- 24-S Sledges	0.10	0.04	27	6475	24	24	24	24	24	-	-	166- 47-T Toshiba	1.70	4.2	16	1152	42	41	41
402- 35-S Sledges Co	1.65	1.6	16	5403	46	45	45	45	45	-	-	167- 12-S Vandemo	0.20	0.18	10	10653	65	65	65
231- 202-S Scapa Corp	1.44	1.37	13	498	23	21	21	21	21	-	-	168- 44-Y Yamey	0.72	1.2	16	1034	47	47	47
18- 14-S Scorp	1.00	0.58	11	2882	17	17	17	17	17	-	-	169- 8-T Tandy Mus	0.03	0.6	70	87	85	85	85
111- 7-S SchermA	0.26	0.2	12	5	64	8	8	8	8	-	-	170- 3-T TCCard	0.75	0.6	70	85	85	85	85
201- 42-S SchermP	2.55	404	47	47	44	4	4	4	4	-	-	171- 20-T Tech Energy	1.06	4.9	16	545	22	21	21
403- 36-S Schrift	1.16	0.5	15	3882	40	39	39	39	39	-	-	172- 31-T Techne	0.03	1.1	3	3	3	3	3
66- 50-S Schmitz	1.50	2.4	27	2688	64	63	63	63	63	-	-	173- 19-T Techne	0.40	1.7	11	557	23	23	23
403- 28-S SchmitzC	0.24	0.24	24	1357	38	37	37	37	37	-	-	174- 21-T Techne	1.05	2.8	7	1282	39	39	39
249- 17-S Schmitz	0.06	0.03	23	3228	37	37	37	37	37	-	-	175- 41-T Techne	1.20	4.1	21	2149	26	25	25
154- 16-S Schmitz	0.10	0.12	11	113	191	191	191	191	191	-	-	176- 42-T Techne	1.08	2.4	14	14	44	44	44
403- 31-S Schmitz	0.40	0.19	19	6272	43	42	42	42	42	-	-	177- 43-T Techne	0.60	0.6	64	64	64	64	64
303- 26-S Schmitz	0.52	17	18	168	502	502	502	502	502	-	-	178- 44-T Techne	0.60	0.8	15	12	42	42	42
211- 14-S SchmitzMof	0.02	0.1	1	154	154	154	154	154	154	-	-	179- 35-T Texaco Pz	1.60	1.5	12	2425	47	46	46
101- 50-S SchmitzS	0.16	1.9	153	104	98	98	98	98	98	-	-	180- 65-T Texaco Pz	2.60	6.5	10	10	30	30	30
101- 13-S SchmitzS	0.70	47	1	1	1	1	1	1	1	-	-	181- 55-T Texaco Pz	0.06	1.0	9	13	53	53	53
16- 14-S SchmitzS	1.45	0.5	2100	15	15	15	15	15	15	-	-	182- 56-T Texaco Pz	0.08	0.7	8	1404	11	10	10
401- 25-S SchmitzS	0.20	0.19	11	7161	404	39	39	39	39	-	-	183- 67-T Texaco Pz	1.80	6.5	10	10	30	30	30
323- 25-S SchmitzS	0.80	2.3	19	9107	39	39	39	39	39	-	-	184- 78-T Texaco Pz	1.06	1.9	10	13	53	53	53
20- 154-S SchmitzS	14	18	182	19	18	18	18	18	18	-	-	185- 89-T Texaco Pz	0.40	1.1	10	13	53	53	53
57- 44-S SchmitzS	1.60	2.8	11	7860	557	557	557	557	557	-	-	186- 90-T Texaco Pz	1.00	0.8	14	1516	1204	1204	1204
120- 10-S SchmitzS	1.15	6.6	23	780	174	172	172	172	172	-	-	187- 17-T Texaco Pz	0.48	1.9	14	14	51	51	51
120- 10-S SchmitzS	0.84	7.0	37	124	31	30	30	30	30	-	-	188- 30-T Texaco Pz	3.00	8.1	13	262	34	33	33
305- 25-S SchmitzS	0.22	0.22	23	1911	31	30	30	30	30	-	-	189- 41-T Texaco Pz	1.10	36.7	11	11	3	2	2
314- 21-S SchmitzS	0.60	2.0	18	56	39	38	38	38	38	-	-	190- 52-T Texaco Pz	1.56	2.7	11	1827	59	59	59
216- 24-S SchmitzS	0.50	1.5	18	5	235	235	235	235	235	-	-	191- 63-T Texaco Pz	1.45	7	11	45	45	45	45
216- 21-S SchmitzS	0.44	1.4	19	1071	39	38	38	38	38	-	-	192- 74-T Texaco Pz	1.00	10.7	18	174	174	174	174
57- 41-S SchmitzS	0.98	3.6	14	174	26	26	26	26	26	-	-	193- 85-T Texaco Pz	0.07	0.5	21	26	26	26	26
120- 12-S SchmitzS	0.20	19	17	1253	125	125	125	125	125	-	-	194- 96-T Texaco Pz	0.12	0.4	24	85	35	35	35
106- 7-S Sheby Wh	0.28	2.6	101	5	104	104	104	104	104	-	-	195- 107-T Texaco Pz	0.58	2.2	22	72	72	72	72
57- 54-S Sheff	0.64	17	18	812	35	35	35	35	35	-	-	196- 118-T Texaco Pz	0.40	2.5	11	1827	59	59	59
32- 32-S Sheff	2.77	37	25	248	74	73	73	73	73	-	-	197- 129-T Texaco Pz	0.40	1.6	31	190	24	24	24
120- 91-S Sheffers	7	8	889	102	104	104	104	104	104	-	-	198- 140-T Texaco Pz	0.28	0.8	18	2111	34	34	34
212- 18-S Sheffers	0.10	0.6	18	757	175	175	175	175	175	-	-	199- 151-T Texaco Pz	0.36	0.81	49	1429	39	39	39
120- 18-S Sheffers	0.28	2.6	101	5	104	104	104	104	104	-	-	200- 162-T Texaco Pz	0.24	0.5	21	707	32	32	32
57- 54-S Sheffers	0.64	17	18	812	35	35	35	35	35	-	-	201- 173-T Texaco Pz	0.52	2.1	21	1161	59	59	59
403- 201-S Sheffers	0.88	3.2	4	1289	22	21	21	21	21	-	-	202- 184-T Texaco Pz	1.00	8.5	10	2100	111	111	111
117- 9-S Sheffers	1.12	11.1	21	109	104	104	104	104	104	-	-	203- 195-T Texaco Pz	0.62	1.6	31	190	34	34	34
57- 54-S Sheffers	0.16	2.5	1	2225	42	42	42	42	42	-	-	204- 206-T Texaco Pz	0.56	6.6	66	77	82	82	82
177- 17-S Sheffers	0.48	2.6	12	13	18	18	18	18	18	-	-	205- 217-T Texaco Pz	0.28	23	23	1028.81	281	281	281
204- 20-S Sheffers	0.08	19	13	297	20	20	20	20	20	-	-	206- 228-T Texaco Pz	1.70	10	10	10	10	10	10
212- 18-S Sheffers	0.10	5.3	11	213	213	213	213	213	213	-	-	207- 239-T Texaco Pz	1.70	10	10	10	10	10	10
204- 21-S Sheffers	1.06	3.4	21	925	32	31	31	31	31	-	-	208- 250-T Texaco Pz	0.45	1.2	12	1827	59	59	59
254- 21-S Sheffers	0.63	2.6	15	327	44	44	44	44	44	-	-	209- 261-T Texaco Pz	0.80	1.9	10	4706	42	41	41
140- 10-S Sheffers	0.20	19	19	52	12	12	12	12	12	-	-	210- 272-T Texaco Pz	0.24	1.9	20	21	24	24	24
413- 37-S Sheffers	3.60	8.24	405	14	491	39	39	39	39	-	-	211- 283-T Texaco Pz	2.50	7.3	5	5	34	34	34
205- 17-S Schleizland	1.44	7.1	13	428	20	20	20	20	20	-	-	212- 294-T Texaco Pz	1.92	8.2	10	217	36	36	36
204- 112-S Schleizland	0.50	26	13	121	194	194	194	194	194	-	-	213- 305-T Texaco Pz	0.48	1.4	25	1693	34	34	34
194- 154-S Schleizland	1.20	65	13	67	184	184	184	184	184	-	-	214- 316-T Texaco Pz	0.50	13	13	100	59	59	59
224- 18-S Schleizland	0.87	3.7	9	251	21	21	21	21	21	-	-	215- 327-T Texaco Pz	0.60	3.1	25	633	39	39	39
204- 25-S Schleizland	0.64	13	21	3187	354	352	352	352	352	-	-	216- 338-T Texaco Pz	0.20	3.6	22	1113	53	53	53
144- 10-S Schleizland	0.08	0.8	5	763	104	104	104	104	104	-	-	217- 349-T Texaco Pz	0.12	3.1	17	391	78	78	78
303- 32-S Schleizland	45	3607	349	32	34	34	34	34	34	-	-	218- 360-T Texaco Pz	0.64	5.3	5	5	5	5	5
64- 54-S Schleizland	0.12	1.9	4	8	6	6	6	6	6	-	-	219- 371-T Texaco Pz	0.84	3.1	17	773	53	53	53
247- 24-S Schleizland	0.08	19	47	25	31	30	30	30	30	-	-	220- 382-T Texaco Pz	0.75	2.5	8	4876	30	29	29
247- 24-S Schleizland	0.71	17	45	2742	195	195	195	195	195	-	-	221- 393-T Texaco Pz	1.30	4.4	5	15	3059	30	29
224- 13-S Schleizland	0.68	5.1	15	150	164	164	164	164	164	-	-	222- 404-T Texaco Pz	1.60	4.9	5	5	493	492	492
224- 25-S Shop Shop	0.68	5.15	15	150	164	164	164	164	164	-	-	223- 415-T Texaco Pz	1.40	8.4	25	189	214	214	214
334- 17-S Shop Shop	0.68	5.15	15	150	164	164	164	164	164	-	-	224- 426-T Texaco Pz	0.10	3.7	18	409	273	26	26
334- 21-S Shop Shop	2.00	26	21	205	214	214	214	214	214	-	-	225- 437-T Texaco Pz	0.02	0.9	23	1005	23	23	23
334- 21-S Shop Shop	15	380	315	30	30	30	30	30	30	-	-	226- 448-T Texaco Pz	0.03	0.1	23	7688	47	47	47
342- 10-S Shredder	0.38	3.5	26	102	104	104	104	104	104	-	-	227- 459-T Texaco Pz	0.27	26.7	29	2886	102	101	101
44- 37-S Sun Dg A	1.10	10.1	11	10	11	10	10	10	10	-	-	228- 470-T Texaco Pz	0.12	37	3	3	11	11	11
44- 37-S Sun Dg A	0.24	5.8	3	48	44	44	44	44	44	-	-	229- 481-T Texaco Pz	0.12	1.2	10	1074			

NASDAQ NATIONAL MARKET

4 pm close June 12

Page	Prev.	Cur.	PY	Stk	Div.	E	100s	High	Low	Last	Chng
				Stack							
				ABS Int'l	0.20	10	4	11 ¹ / ₂	11 ¹ / ₂	11 ¹ / ₂	-1 ¹ / ₂
				ACC Corp	0.12	7	30	16 ¹ / ₂	16 ¹ / ₂	16 ¹ / ₂	-1 ¹ / ₂
				Acciati E	14	3006	16 ¹ / ₂	-1 ¹ / ₂			
				Actm Mkt	6	58	16	15 ¹ / ₂	15 ¹ / ₂	15 ¹ / ₂	-1 ¹ / ₂
				Acclaim Co	36	56	61	59 ¹ / ₂	59 ¹ / ₂	59 ¹ / ₂	+1 ¹ / ₂
				Accepta	16	4201	22 ¹ / ₂	21 ¹ / ₂	21 ¹ / ₂	21 ¹ / ₂	-1 ¹ / ₂
				ADC Tele	48	7389	33 ¹ / ₂	31 ¹ / ₂	31 ¹ / ₂	31 ¹ / ₂	-1 ¹ / ₂
				Adelphia	32	8701	14 ¹ / ₂	-1 ¹ / ₂			
				AgfaGPN	0.16	11	112	24 ¹ / ₂	24 ¹ / ₂	24 ¹ / ₂	-1 ¹ / ₂
				Adobe Sys	0.201211638	58 ²	56 ¹ / ₂	57 ¹ / ₂	57 ¹ / ₂	57 ¹ / ₂	-1 ¹ / ₂
				Advantx C	11	473	15	14 ¹ / ₂	15	15 ¹ / ₂	+1 ¹ / ₂
				Advan Logic	125	692	63 ¹ / ₂	65	64 ¹ / ₂	65	-1 ¹ / ₂
				Advn Paym	8	225	5	4 ¹ / ₂	4 ¹ / ₂	4 ¹ / ₂	-1 ¹ / ₂
				AdvtechLab	9	213	15 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂	-1 ¹ / ₂
				Advent	0.27	14	246	40	39 ¹ / ₂	39 ¹ / ₂	-1 ¹ / ₂
				AgenceEx	0.10	47	15	13 ¹ / ₂	13 ¹ / ₂	13 ¹ / ₂	-1 ¹ / ₂
				AirEvr	18	17	143	23 ¹ / ₂	23	23 ¹ / ₂	-1 ¹ / ₂
				Airc ADP	163	15	19	60 ¹ / ₂	60 ¹ / ₂	60 ¹ / ₂	-1 ¹ / ₂
				Airstd	0.68	16	228	24	23 ¹ / ₂	23 ¹ / ₂	-1 ¹ / ₂
				Airbus SW	16	2	11 ¹ / ₂	-1 ¹ / ₂			
				Alten Org	0.52	13	2	4 ¹ / ₂	4 ¹ / ₂	4 ¹ / ₂	-1 ¹ / ₂
				Alten Ph	4	445	7 ¹ / ₂	6 ¹ / ₂	7 ¹ / ₂	7 ¹ / ₂	-1 ¹ / ₂
				Alticorp	1.08	14	54	16 ¹ / ₂	15 ¹ / ₂	16 ¹ / ₂	-1 ¹ / ₂
				Alt Cap	0.80	10	169	12	11 ¹ / ₂	11 ¹ / ₂	-1 ¹ / ₂
				Altex C	0.32	1	110	10 ¹ / ₂	10 ¹ / ₂	10 ¹ / ₂	-1 ¹ / ₂
				Altex Col	0.05	9	717	1 ¹ / ₂	1 ¹ / ₂	1 ¹ / ₂	-1 ¹ / ₂
				Altex Co	76	6982	40 ¹ / ₂	36 ¹ / ₂	39 ¹ / ₂	39 ¹ / ₂	-1 ¹ / ₂
				Am Banker	0.76	11	263	30 ¹ / ₂	30 ¹ / ₂	30 ¹ / ₂	-1 ¹ / ₂
				AmCivoy	0.15	55	398	10	9	10	+1 ¹ / ₂
				Am Cr Bu	22	110	16 ¹ / ₂	-1 ¹ / ₂			
				Am Maritg	22	1799	22 ¹ / ₂	-1 ¹ / ₂			
				Am Med B	7	387	9 ¹ / ₂	-1 ¹ / ₂			
				Am Sotext	0.38	18	2662	5 ¹ / ₂	5 ¹ / ₂	5 ¹ / ₂	-1 ¹ / ₂
				Am Envys	19	173	19 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂	-1 ¹ / ₂
				AmGrtk	0.56	14	1159	29 ¹ / ₂	28 ¹ / ₂	29 ¹ / ₂	+1 ¹ / ₂
				AmnP	1	598	1 ¹ / ₂	-1 ¹ / ₂			
				AmRtis	2.36	7	395	64 ¹ / ₂	62 ¹ / ₂	62 ¹ / ₂	-1 ¹ / ₂
				AmPerCom	2431626303 ²	19	20 ¹ / ₂	19 ¹ / ₂	19 ¹ / ₂	19 ¹ / ₂	-1 ¹ / ₂
				Am Trav	10	332	15 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂	18 ¹ / ₂	-1 ¹ / ₂
				AmfEdFin	0.24	12	103	24 ¹ / ₂	24	24 ¹ / ₂	-1 ¹ / ₂
				Amgen Inc	3017295	73 ²	71 ¹ / ₂	72 ¹ / ₂	71 ¹ / ₂	72 ¹ / ₂	-1 ¹ / ₂
				Amteck Cp	0.08	28	2780	7 ¹ / ₂	6 ¹ / ₂	7 ¹ / ₂	-1 ¹ / ₂
				Analogic	14	373	17	16 ¹ / ₂	16 ¹ / ₂	16 ¹ / ₂	-1 ¹ / ₂
				Analysts	0.52	18	164	26	25 ¹ / ₂	25 ¹ / ₂	-1 ¹ / ₂
				AnalystGln	1.00	18	10	14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂	-1 ¹ / ₂
				Andrew Cp	39	1411	51	48 ¹ / ₂	51	51	-1 ¹ / ₂
				Andrus Ar	18	136	17 ¹ / ₂	-1 ¹ / ₂			
				Angroen	1.32	10	208	30 ¹ / ₂	30 ¹ / ₂	30 ¹ / ₂	-1 ¹ / ₂
				Armor N	0.84	15	1001	20 ¹ / ₂	17 ¹ / ₂	17 ¹ / ₂	-1 ¹ / ₂
				Arnold	0.44	13	72	17 ¹ / ₂	16 ¹ / ₂	16 ¹ / ₂	-1 ¹ / ₂
				Artsoft	62	680	8 ¹ / ₂	-1 ¹ / ₂			
				Aspectif	25	1568	14 ¹ / ₂	-1 ¹ / ₂			
				AST Ranch	16	2896	17 ¹ / ₂	-1 ¹ / ₂			
				Attkson	1	223	9 ¹ / ₂	-1 ¹ / ₂			
				All SEAr	0.54	18	4122	28 ¹ / ₂	27 ¹ / ₂	27 ¹ / ₂	-1 ¹ / ₂
				Amel	33	5535	49 ¹ / ₂	48 ¹ / ₂	48 ¹ / ₂	48 ¹ / ₂	-1 ¹ / ₂
				AmnSys	88	5448	5	4 ¹ / ₂	4 ¹ / ₂	4 ¹ / ₂	-1 ¹ / ₂
				Amtek	0.24	31	3151	41 ¹ / ₂	40 ¹ / ₂	41 ¹ / ₂	-1 ¹ / ₂
				Autinfo	14	112	32	31 ¹ / ₂	31 ¹ / ₂	31 ¹ / ₂	-1 ¹ / ₂
				Avondale	0.92	7	110	7 ¹ / ₂	7 ¹ / ₂	7 ¹ / ₂	-1 ¹ / ₂
				- ■ -							
				B&I El	0.08	87	25	7	7	7	+1 ¹ / ₂
				Baker J	0.05	8	167	13	12 ¹ / ₂	13	-1 ¹ / ₂
				Baldwin B	0.32	4	15	16 ¹ / ₂	16 ¹ / ₂	16 ¹ / ₂	-1 ¹ / ₂
				Bancet	13	879	15 ¹ / ₂	-1 ¹ / ₂			
				BnkSouth	0.56	15	430	21 ¹ / ₂	21 ¹ / ₂	21 ¹ / ₂	-1 ¹ / ₂
				BankersCo	0.48	10	16	16 ¹ / ₂	16 ¹ / ₂	16 ¹ / ₂	-1 ¹ / ₂
				Bascom	0.92	9	50	25 ¹ / ₂	25 ¹ / ₂	25 ¹ / ₂	-1 ¹ / ₂
				Banta Geo	0.58	13	436	32 ¹ / ₂	32 ¹ / ₂	32 ¹ / ₂	-1 ¹ / ₂
				Basset F	0.80	15	214	27 ¹ / ₂	27 ¹ / ₂	27 ¹ / ₂	-1 ¹ / ₂
				Bayhawk	3916882	40 ¹	39 ¹ / ₂	-1 ¹ / ₂			
				Bay View	0.60	13	312	25 ¹ / ₂	25 ¹ / ₂	25 ¹ / ₂	-1 ¹ / ₂
				Baybanks	2.00	12	1578	75 ¹ / ₂	73 ¹ / ₂	75 ¹ / ₂	+1 ¹ / ₂
				BEC Aero	11	144	8 ¹ / ₂	-1 ¹ / ₂			
				BeutelCos	0.42	13	8	12 ¹ / ₂	12 ¹ / ₂	12 ¹ / ₂	-1 ¹ / ₂
				BerkleyWf	54	137	14 ¹ / ₂	14	14 ¹ / ₂	14	-1 ¹ / ₂
				BerkleyWf	0.48	18	567	35 ¹ / ₂	35	35	-1 ¹ / ₂
				BHA Grp	0.12	14	266	13 ¹ / ₂	13 ¹ / ₂	13 ¹ / ₂	-1 ¹ / ₂
				BIG Inc	22	166	6 ¹ / ₂	-1 ¹ / ₂			
				Big S	0.20	14	1009	15 ¹ / ₂	14 ¹ / ₂	15 ¹ / ₂	+1 ¹ / ₂
				Bindley W	0.08	11	20	15 ¹ / ₂	15 ¹ / ₂	15 ¹ / ₂	-1 ¹ / ₂
				Biogen	27	5722	43 ¹ / ₂	41 ¹ / ₂	41 ¹ / ₂	41 ¹ / ₂	-1 ¹ / ₂
				Blomet	21	4456	15 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂	14 ¹ / ₂	-1 ¹ / ₂
				Block Drg	1.08	14	363	35 ¹ / ₂	35 ¹ / ₂	35 ¹ / ₂	-1 ¹ / ₂
				BMC Softw	23	3562	72 ¹ / ₂	71 ¹ / ₂	72 ¹ / ₂	71 ¹ / ₂	+1 ¹ / ₂
				Boatmen S	1.36	10	2542	33 ¹ / ₂	33 ¹ / ₂	33 ¹ / ₂	+1 ¹ / ₂
				Boe Evans	0.28	16	445	20 ¹ / ₂	20 ¹ / ₂	20 ¹ / ₂	-1 ¹ / ₂
				Boede B	2.23	332	63 ¹ / ₂	30 ¹ / ₂	30 ¹ / ₂	30 ¹ / ₂	-1 ¹ / ₂
				Borland	29	4090	13	12 ¹ / ₂	12 ¹ / ₂	12 ¹ / ₂	-1

AMEX COMPOSITE PRICES

S 4 nm class-size 1

Stock	P/	Sales	Div.	E	100s	High	Low	Closes	Chng	Stock	P/	Sales	Div.	E	100s	High	Low	Closes	Chng	Stock	P/	Sales	Div.	E	100s	High	Low	Closes	Chng									
W Magn	155	47	223	223	223	14	13	13	-1	Computer	8	75	11	1	1	1	1	1	-1	HandDr	26	46	3	4	21	21	21	21	-1	NVR	10	12	7	7	7	7	7	-1
Wa Inc	118	20	1	2	1	1	1	1	-1	Coast F&A	6	59	52	54	56	56	56	56	-1	Hastco	0.32	18	1908	33	22	22	22	-1	Pegasus G	0.10	6	2448	10	10	10	10	-1	
Web Ind	39	203	14	13	14	14	13	13	-1	CrossCo A	0.84	35	152	154	152	152	152	152	-1	Health Cr	19	51	238	218	218	218	218	-1	Perini	0.80	24	49	93	94	93	93	-1	
Wenner for Pa	1.05	13	2	1	2	1	1	1	-1	Crown C A	0.40	3	45	157	154	154	154	154	-1	Holco	0.15	16	12	15	15	15	15	-1	Pitney A	0.50	23	45	45	45	45	45	-1	
Whitewater A	0.60	9	45	30	28	28	28	28	-1	Crown C B	0.40	13	202	157	155	155	155	155	-1	HvntzlandA	13	725	8	6	54	6	6	-1	PMC	0.08	9	58	112	112	112	112	-1	
Widmer A	0.05	16	2855	12	12	12	12	12	-1	Crown C C	0.33	31	81	234	224	224	224	224	-1	PresidioA	0.10	1	295	4	4	4	4	-1	Ridgefield	0.05	1	295	4	4	4	4	-1	
Wit Eng	1	7	702	7	6	6	6	6	-1	Customsoft	9	5	24	29	29	29	29	-1	ProvoCo	0.16	16	17	113	113	113	113	-1	Ridgefield	0.10	2	34	33	33	33	33	-1		
Wit Eng	26	285	6	6	5	5	5	5	-1	IntronCo	0.16	16	17	113	113	113	113	-1	Ridgefield	0.10	2	34	33	33	33	33	-1											
Wit Inv	0.40	5	115	3	3	3	3	3	-1	Intl Coms	30	1725	0	0	0	0	0	-1	SMW Corp	2.16	11	8	35	35	35	35	-1											
Witach	17	102	3	4	3	3	3	3	-1	Intermagn	64	246	144	145	144	144	144	-1	SMW Corp	0	718	32	0	0	32	32	-1											
Witri	26	111	2	2	2	2	2	2	-1	Inv	0.08	30	1861	26	25	25	25	25	-1	Tel Prod	0.20	12	21	64	57	57	57	-1										
Witlow A	18	67	5	5	5	5	5	5	-1	Diplex	0.48	7	532	84	82	82	82	-1	TelProd	0.38	29	292	37	37	37	37	-1											
Wt Ocean	0.80	1	31	2	2	2	2	2	-1	Easton Co	0.46	13	9	142	143	143	143	-1	Thermado	47	292	173	173	173	173	173	-1											
Wtgegta A	0.80	13	6123	28	28	28	28	28	-1	Edo En A	0.07	67	4320	8	8	8	8	-1	Thermado	24	160	22	22	22	22	22	-1											
Wtment A	0.04	18	3	3	4	4	4	4	-1	Edo En B	0.32	11	20	9	8	8	8	-1	TorPha	0.30	94	1054	24	12	12	12	-1											
Wttr Rg	37	181	177	174	174	174	174	174	-1	Enso Int	29	614	163	165	165	165	165	-1	TownCity	12	491	1	1	1	1	1	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Epitome	8	648	156	152	152	152	152	-1	Triton	2	22	14	14	14	14	14	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Fab Inds	0.70	13	3	317	315	317	317	-1	Tutor Max	2	107	478	478	478	478	478	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Fine A	2.40	12	23	43	43	43	43	-1	TutorB	0.07	65	181	181	181	181	181	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Fidelity A	0.20	9	27	12	117	117	117	-1	TutorB	0.07	197	369	204	197	197	197	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Foku A	0.58	24	125	382	382	382	382	-1	UnifoodA	6	5	21	21	21	21	21	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Forrest L	21	1013	48	45	45	45	45	-1	UnifoodB	0.20	12	2100	23	23	23	23	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Frequency	4	4	3	3	3	3	3	-1	US Capital	54	705	20	20	20	20	20	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Gane	0.20	14	51	167	165	164	164	-1	ViscomA	14	838	48	45	45	45	45	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Gani Fea	0.74	17	709	282	282	282	282	-1	ViscomB	11843	45	45	45	45	45	45	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Gani Fea	0.70	7	168	160	160	160	160	-1	WNET	1.12	17	257	114	112	112	112	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	Grocerian	9	45	3	44	44	44	44	-1	Net Park	5	544	24	2	2	2	2	-1											
Wtrr	0.76	12	52	15	15	15	15	15	-1	NY Tuna	0.58	10	1392	22	21	21	21	-1	NY Tuna	0.58	10	1392	22	21	21	21	-1											

Carver Cp	4670324	104	84	94	+4	Harshey	0.88	10	8	25	25	25	Harshey	0.88	10	8	25	25	25	Harshey	0.88	10	8	25	25	25												
Calgene	2.25	6	4017	71	61 ²	7	+3	Harper Gp	0.22	16	64	18	17 ¹	17 ²	Norstan I	15	8	24	21 ²	24	-	Tops Co	0.28	17	3612	6	57 ²	57 ²										
Cal Micro	23	850	32	31 ¹	31 ²	7	-4	Harper Gp	0.22	16	64	18	17 ¹	17 ²	N Star Uni	56	30	51 ²	51 ²	51 ²	-	TPI Enter	16	2759	47 ²	45 ²	41 ²	-1 ²										
Candelas	8	2	2	2	2	-4	HarrisCop	118	34	13 ¹	13	13	-4	NorthWest	1.04	12	960	39 ²	38 ²	38 ²	TransWest	5	2100	41 ²	41 ²	41 ²	+2											
Cricket	1	1310	25 ¹	23 ²	23 ³	-2 ²	HBD & Co	0.16	54	5517	45 ²	50 ²	52 ²	+2	NW Air	9	5537	32 ²	31	32	+1	Tremont	1.12	11	10	44 ²	44 ²	42 ²										
Canon Inc	0.57	42	13	76 ²	78	76 ²	78	-	Healthcar	21	4645	33 ²	31 ²	33 ²	-7 ²	Arrowell	3747110	20	19 ¹	19 ²	-3 ²	-	Trinoma	44	1832	28 ²	28 ²	25 ²	+4									
CartonCn	0.74	23	3	31 ²	31 ³	31 ³	-7 ²	HiltonInc	36	599	5	4 ²	5	-	Noveltus	20	2143	68 ²	65	65 ²	-7 ²	TrustCo BRC	1.10	12	55	21	30 ²	20 ²										
Cascade	0.38	16	139	174 ²	161 ²	161 ²	-1 ²	HiltzTech	36	389	11 ²	11	11	-5 ²	NSC Corp	10	846	64 ²	63 ²	62 ²	-3 ²	Tsing Lab	0.20	14	474	65 ²	61 ²	61 ²										
Cisco S	0.08	18	335	16 ²	16 ²	16 ²	+2 ²	Hochberg	0.16	20	3067	74 ²	65 ²	71 ²	+2 ²	NSM Corp	11	34	3	62 ²	3	-	TysFida	0.08211	5958	23 ²	23	23 ²	-1 ²									
CSH A	0.70	22	128	129 ²	125 ²	125 ²	+1 ²	Hedman	8	518	91 ²	91 ²	94 ²	-1 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Calgene	8	843	85 ²	81 ²	85 ²	+2 ²	HelenTroy	11	14	19 ¹	19 ²	19 ²	-1 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-											
CEM Cp	14	99	1242	11 ²	11 ²	-	Hendf	0.88	8	2708	12	11 ²	11 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
Centex	8	4715	17 ²	13 ²	13 ²	-1 ²	Hogan Sys	0.15	23	21119	10 ²	9 ²	10	-1 ²	OCharleys	22	15	12 ²	12	12 ²	-	-	-	-	-	-	-	-	-	-	-	-						
Centri Rd	1.20	13	637	29 ²	27 ²	28 ²	+1 ²	Hologic	25	415	15 ²	14 ²	14 ²	-1 ²	Octel Com	2312987	102 ²	8	26	28	+1 ²	-	-	-	-	-	-	-	-	-	-	-	-					
Centri Spr	15	238	23 ²	22 ²	23 ²	+1 ²	Home Band	0.84	9	5	20 ²	20 ²	20 ²	-	Ostetrics A	8	8	51 ²	47 ²	51 ²	-	US Hitech	1.00	1314964	34 ²	33 ²	34	-										
Chandler	12	2100	47 ²	47 ²	47 ²	-	Hon Inds	0.48	15	9	273	27 ²	27 ²	-	Osterning	13	198	13 ²	13 ²	13 ²	-1 ²	Uralib	35	1217	54 ²	54 ²	54 ²	-1 ²										
Chapter 1	0.76	5	885	25 ²	25 ²	25 ²	-	Hombeck	32	347	16 ²	16 ²	16 ²	-1 ²	Ogilby N	1.20	5	3	32 ²	32 ²	32 ²	-1 ²	UChGesa	1.02	14	1496	15	14 ²	15	+1 ²								
CarrollSh	0.08	18	2334	45 ²	43 ²	42 ²	+1 ²	Horsefries	0.44	12	77	44 ²	43 ²	37 ²	-	Ogloboz	1.52	11	395	31 ²	31	31 ²	-	US Tel	2.00	43	541	69 ²	69 ²	69 ²	-							
CheckJohn	17	3108	24 ²	24 ²	24 ²	-	Hust JN	0.20	16	640	16 ²	16 ²	16 ²	-	Old Kent	1.24	9	504	33 ²	32 ²	32 ²	-1 ²	United St	0.40	15	15	18 ²	18 ²	15 ²	+1 ²								
Chemabat	18	8	153 ²	151 ²	151 ²	-1 ²	Huntington	0.80	11	1967	11 ²	19 ²	19 ²	-1 ²	Old NatB	0.92	15	14	34 ²	34 ²	34 ²	-	Ungag	0.10	18	55	22	21 ²	22	-1 ²								
Chromatec	23	2	34	34	34	-	Hurco Co	0.08	6	5	33 ²	34 ²	34 ²	-1 ²	Ombancorp	1.12	85	215	27	26 ²	26 ²	-1 ²	Unifrin	2.00	15	734	49	48 ²	48 ²	-								
ChipsCo	26	2835	10 ²	87 ²	10 ²	+1 ²	HutchTech	16	2578	10 ²	37	38 ²	+1 ²	One Price	225	3235	45 ²	64	47 ²	-1 ²	US Bancp	1.00	10	4551	247 ²	241 ²	241 ²	-3 ²										
Chiron Cp	647131	834	57 ²	61 ²	61 ²	-5 ²	Hycor Bio	14	178	45 ²	42 ²	41 ²	+1 ²	Oracle	0.430335	37 ²	36 ²	37 ²	37 ²	+1 ²	US Energy	10	6	54 ²	54 ²	54 ²	-											
Chm Fin	1.58	13	111	56 ²	55 ²	55 ²	-	Orb Scienc	69	1015	18 ²	17 ²	15	-	UST Corp	1.12	35	268	13	12 ²	13	-	Utah Med	17	561	124 ²	115 ²	12 ²	+1 ²									
Chime Cp	0.20	27	551	33 ²	34 ²	35 ²	+1 ²	Orbotech	0.99	17	263	11 ²	13 ²	13 ²	+1 ²	Ult Telev	0.50	17	3	65 ²	65 ²	65 ²	-	Uttrk	13	356	34 ²	34 ²	34 ²	-1 ²								
ChristaG	3015004	58 ²	58 ²	59 ²	59 ²	+2 ²	Orbitrap	7	7	2	2 ²	2 ²	2 ²	-1 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-										
CIS Tech	24	332	24 ²	24 ²	24 ²	-	OrionCor	51	768	9 ²	8 ²	9 ²	+1 ²	OregonNet	0.312357	144	87 ²	87 ²	87 ²	-1 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-				
Cisco Sys	3322023	48 ²	48 ²	48 ²	48 ²	-	OsiSoft	0.28	25	723	16 ²	15 ²	16 ²	+1 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-									
Cz Banep	1.12	13	44	30 ²	29 ²	30 ²	+1 ²	Ottowire	0.50	11	27	12 ²	12 ²	12 ²	-	Orbitrap	0.88	14	168	33	31 ²	32 ²	+1 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Clean Htr	487	26	47 ²	42 ²	47 ²	+1 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Ciffs Dr	18	377	13 ²	13 ²	13 ²	13 ²	-	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Clothes	2	290	3	2 ²	3	-3	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
CocaColaB	1.00	20	62	32 ²	31 ²	32 ²	+1 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
Com Edgy	47	773	7	7	7	-1 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
CodeAlarm	5	22	71	71	71	-	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Conexant	5	22	71	71	71	-	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Converge	4.00	104	104	104	104	-	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Corning	2.25	6	4017	71	61 ²	7	+3	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Costar	23	850	32	31 ¹	31 ²	-1 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Crucible	8	2	2	2	2	-	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cutter	1	1310	25 ¹	23 ²	23 ²	-2 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dale	0.08	18	335	16 ²	16 ²	16 ²	+2 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Dale	0.08	18	335	16 ²	16 ²	16 ²	+2 ²	Ottowire	1	688	15 ²	2 ²	34 ²	+1 ²	OufitRith	58	1850	67	55 ²	55 ²	-3 ²	-	-	-	-</													

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AMERICA

Tech stocks celebrate IBM's win

Wall Street

US shares were higher in early afternoon trading as investors took advantage of Friday's decline to get back into the market, writes Lisa Bransten in New York.

At 1pm the Dow Jones Industrial Average was 36.31 ahead at 4,460.30, while the Standard & Poor's 500 rose 4.18 to 532.12. The American Stock Exchange composite climbed 1.07 to 489.66 and the Nasdaq composite gained 4.16 to 888.84, surpassing Thursday's record close. NYSE volume was 168m shares.

Bond market investors were more hesitant as they awaited important data on consumer prices and retail sales due out today.

Also helping the stock market was renewed optimism that the economy would slow gradually. The market had tumbled last week as investors became concerned that a string of weak economic data signalled a sharp slowdown and the markets interpreted remarks by Mr Alan Greenspan, chairman of the Federal Reserve as an indication that the Fed was not prepared to ease monetary policy in the near term.

The Nasdaq composite jumped to a new high in the wake of strong performances by biotechnology and high-tech companies both of which are concentrated on that index.

On the high-technology side, the Pacific Stock Exchange technology index gained 1.1 per cent as the market reacted to news that Lotus had agreed to be purchased by

IBM for \$64 a share, up \$4 a share from the hostile bid for the software maker that IBM launched last week.

At noon, Lotus was the most actively traded issue on the Nasdaq although its shares remained unchanged at \$62.45. IBM shares rose 51¢ to \$60.75.

Nasdaq-traded technology shares were mixed with Broderbund Software \$24 higher at \$83.4, Apple Computer up 5¢ at \$44.75 and Intel up \$1 at \$113.4 while Microsoft slipped 1¢ at \$83.75.

Biotech shares climbed on the heels of an announcement from Cephalon and Chiron that they had positive test results on a drug they are jointly developing to treat patients with a degenerative muscle disease. Cephalon shares rocketed 70 per cent or \$7 at \$17.5 and Chiron jumped 8 per cent or \$5 at \$60.

The news sent investors into other biotech shares. Amgen gained \$1.5 at \$73. Biogen gained \$1.5 at \$49. Centocor rose \$2 at \$13.25 and Mycogen was \$2 higher at \$9.

Canada

Toronto was dragged higher, first by a positive tone in North American bond markets and, secondly, by the climb in equities on Wall Street. At 1pm local time, the TSE 300 Composite index had gained 10.15 at 4,473.70.

Consumer products and paper and forestry products took early strength into mid-session, with advances of 1.6 per cent and 0.5 per cent respectively.

Brazil shares dip 1.2%

Sao Paulo fell 1.2 per cent in quiet midday trading on speculative selling ahead of tomorrow's futures settlement. The Bovespa index was down 424 at 36,288 by 1pm in low turnover of R\$110.8 (\$120.4m).

The index lost 3.9 per cent on Friday on rumours, later denied, that the central bank planned to devalue the real currency within the next few days. In spite of the denial, investors remained concerned over the possibility of a change in the system of foreign exchange bands.

Some traders believed that yesterday's auction of National Treasury Notes, indexed to the variation of the real/dollar exchange rate, might signal the government's future exchange rate policy.

MEXICO CITY edged ahead in late morning trade in a technical rebound from last week's 3.7 per cent losses, although analysts remained bearish about the short term outlook.

The IPC index rose 5.01 to 1,963.83.

MARKETS IN PERSPECTIVE

	% change in local currency †				% change in US \$ †			
	1 Week	4 Weeks	1 Year	Start of 1995	Start of 1995	Start of 1995	Start of 1995	Start of 1995
Austria	-1.58	+1.65	-7.27	-3.40	+4.92	+7.23		
Belgium	-2.59	-3.79	-3.08	+2.96	+11.33	+13.79		
Denmark	-1.02	+0.22	-6.47	+0.05	+9.20	+11.61		
Finland	+1.86	+6.25	+21.14	+5.01	+14.75	+17.28		
France	-3.08	-4.82	-1.83	+2.88	+8.38	+11.78		
Germany	-0.44	+0.85	-2.56	-0.63	+7.84	+10.22		
Ireland	-0.23	+1.11	+12.21	+5.79	+8.57	+11.99		
Italy	-1.29	-6.06	-14.77	-0.35	-3.01	-0.88		
Netherlands	-0.71	+0.12	+5.68	+1.93	+12.95	+15.42		
Norway	-1.11	-1.22	+5.25	+0.45	+1.05	+1.25		
Spain	-0.55	-0.39	+1.44	+0.65	+2.95	+3.25		
Sweden	-0.16	+2.89	+13.44	+1.63	+9.26	+15.36		
Switzerland	-0.29	+2.19	+1.03	+5.85	+17.92	+20.52		
UK	-0.21	+0.65	+2.28	+8.70	+11.70	+11.09		
EUROPE	-0.80	-0.23	+2.08	+4.95	+8.48	+11.90		
Australia	-1.38	-3.08	-4.03	+2.87	-5.57	-4.51		
Hong Kong	-3.28	-0.94	-3.78	+11.12	+8.77	+11.16		
Japan	-4.24	-6.95	-27.80	-20.97	-8.44	-6.42		
Malaysia	-3.10	+3.58	+13.05	+8.29	+10.86	+13.31		
New Zealand	-2.38	-2.84	+1.73	+9.57	+11.65	+14.12		
Singapore	-3.52	-1.88	+3.04	+1.16	+3.72	+6.00		
Canada	+0.06	+4.98	+9.57	+6.75	+6.38	+8.73		
USA	-0.97	+0.25	+15.45	+1.42	+12.44	+14.92		
Mexico	-3.74	-5.25	-16.25	-17.10	-35.79	-34.37		
South Africa	-1.59	-3.04	-3.76	-8.65	-0.85	+1.33		
WORLD INDEX	-1.93	-1.94	-3.58	-0.11	+4.24	+6.53		

1 Based on June 8, 1995. Copyright, The Financial Times Limited, Goldman Sachs & Co. and Norwest Securities Limited.

FT/S&P ACTUARIES WORLD INDICES

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REGIONAL MARKETS

Figures in parentheses show number of lines of stock	FRIDAY JUNE 9 1995				THURSDAY JUNE 8 1995				DOLLAR INDEX			
	US	Days' Change	Pound Sterling Index	DM	Local Yen	% chg on day	US	Pound Sterling Index	Yen	DM	Local	Index
Australia (83)	163.90	-1.2	161.97	87.29	118.07	161.39	-0.7	4.15	165.23	154.89	180.82	122.48
Austria (28)	195.95	+1.65	181.70	104.39	142.23	142.18	+0.5	1.25	194.23	181.20	140.38	143.37
Belgium (35)	191.65	-3.79	177.71	102.07	139.23	138.12	-0.3	3.84	190.78	178.08	102.54	137.19
Brasil (22)	132.68	-3.1	123.02	70.68	96.38	92.85	-3.2	1.52	137.46	128.31	73.88	101.46
Canada (25)	231.05	-0.6	208.59	145.68	204.17	208.52	-0.1	2.52	211.69	182.28	78.18	140.59
Denmark (24)	218.09	0.8	212.22	115.18	158.43	160.08	-0.4	1.58	216.25	201.76	105.16	120.54
France (101)	162.58	-0.9	169.53	97.37	132.45	140.85	-2.3	3.15	184.43	172.15	99.13	120.54
Germany (58)	157.95	1.3	146.45	84.12	114.75	114.75	-0.3	2.07	156.00	145.62	88.85	115.15
Hong Kong (55)	326.55	-0.2	336.16	193.02	263.38	309.02	-1.5	3.79	363.70	319.25	291.25	277.40
Italy (50)	74.83	0.5	69.20	58.74	54.22	50.80	-0.6	1.88	229.12	213.88	123.20	190.94
Japan (483)	74.83	0.5	73.20	78.22	78.22	78.22	-1.7	0.96	148.05	138.19	79.57	102.28
Malaysia (97)	543.15	-1.1	503.82	268.24	394.95	510.52	-1.0	1.80	547.97	512.62	295.18	316.95
Mexico (18)	923.88	-1.7	661.73	494.95	675.11	631.38	-0.2	2.12	945.76	882.80	194.90	141.92
Netherlands (18)	250.33	0.3	232.11	133.32	181.74	178.52	-0.8	3.54	248.35	231.92	133.48	163.92
Norway (14)	223.44	-1.0	207.17	118.98	182.21	188.41	-2.0	4.74	220.20	204.48	110.00	144.14
Portugal (20)	200.44	-0.5	196.86	210.60	207.27	205.54	-1.4	2.59	201.20	198.42	101.41	122.48
South Africa	171.82	-1.2	158.60	91.10	120.81	163.61	-1.2	2.57	173.09	161.57	93.03	127.74
United Kingdom (203)	164.44	-0.5	200.44	149.77	157.24	200.89	-1.2	4.17	217.62	203.13	116.97	165.83
USA (505)	215.77	-0.8	205.05	114.91	156.74	213.77	-0.8	2.57	217.59	203.10	116.95	180.51